



# ***Daily Report***

## **East Asia**

FBIS-EAS-96-035  
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# Daily Report

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**Former U.S. Official Warns PRC Tokyo May Act Over Taiwan**

*OW1602082096 Tokyo KYODO in English  
0738 GMT 16 Feb 96*

[FBIS Transcribed Text] Washington, Feb. 16 KYODO — A former senior U.S. defense official has warned China that he believes Japan would step up military buildup if it attacks Taiwan, but Beijing told him that it stands ready to take actions against Taipei at the cost of such possibility.

"I made the point to the Chinese...The consequences of fighting in the Taiwan Straits are very very big and they include Japanese rearmament," former U.S. Assistant Secretary of Defense for Regional Security Affairs Chas Freeman told KYODO news on Thursday [15 February].

"They include military rivalry between Japan and China," Freeman said.

Freeman said he made the points to Chinese leaders when he visited Beijing last October. He met with "a wide range of officials of various ranks from very senior to more junior" of the Chinese Communist Party, government, military and intelligence agencies.

Chinese officials "understood this might be the consequence of fighting" between China and Taiwan, Freeman said. But they told him that "this issue involves sovereignty and national pride and that therefore they had no choice, but to take action to prevent Taiwan from separating."

Freeman said he believed that if China attacked Taiwan, Japan would rearm regardless of whether the United States intervenes or the outcome of the fighting.

"If we decide not to intervene, there will be many people in Japan who will see this as a default on American responsibility to manage the strategic perimeter of Japan, and there will be a lot of people and a lot of pressure demanding that Japan acquire the capability to do this by itself without the U.S."

"Conversely," he said, "if the U.S. decides to intervene, then we have to use bases in Japan to do it. This means that the Japanese Government has to choose between good relations with China and its alliance with the U.S.," he said.

"I think any Japanese Government would choose the U.S., but I also think that no Japanese Government would be comfortable being put in this position by a foreigner, and there would also be pressure then for Japan to acquire its own independent military capabilities so that foreigners could not again put Japan in this kind of unfavorable position," Freeman said.

Freeman said he told Chinese leaders, "You could overturn the entire Asian strategic balance in a way that would be very unfavorable to you and very unfortunate."

But Freeman noted, "I don't believe there is any possibility of any such confrontation at present and certainly Japan does not want it, China does not want it."

"My point is simply that fighting in the Taiwan Strait could set in motion a chain of events that produces rivalry between Japan and China," he said.

Alarmed by recent moves by Taiwanese leaders seeking a greater international role, Beijing has threatened to attack Taiwan should it declare independence. China is reportedly preparing to stage large-scale military drills ahead of Taiwan's first presidential election in March.

THE NEW YORK TIMES reported late last month that China told Freeman during his trip that it had drawn up a contingency plan to attack Taiwan with missiles.

This report sparked global concerns over the situation in the Taiwan Strait.

But Freeman said the report was "not exactly accurate," stressing that "China did not want a crisis with Taiwan."

He said the missile plan was an option for the Chinese to counter Taiwanese moves toward independence, but that "they have many, many options."

Under the plan, China is to stage an "intermittent" attack with missiles, Freeman said. "This means one a day, one every [other] day, one a week, one a month for 15 days, and then none for some time."

Freeman stressed, "The important thing is that they are very determined and they are prepared. But they hope that it will not come to that."

**Japan****Japan: Tokyo To Ask U.S. To Clarify Significance of Military Bases**

*OW2002131096 Tokyo MAINICHI SHIMBUN in Japanese 19 Feb 96 Evening Edition p 1*

[FBIS Translated Text] On 19 February, the government decided to ask the United States to give a detailed explanation of the operation of the U.S. military bases in Japan and their strategic importance, in connection with the proposed consolidation and reduction of U.S. military bases in Okinawa. The decision has already been relayed to working-level officials of the U.S. State and Defense Departments. The government hopes to receive a U.S. explanation at a working-level meeting of the "Japan-U.S. Special Action Committee (SACO)" to be held in the United States late February. It is also considering dispatching Defense Agency [DA] Director General Hideo Usui to the United States at the end of March to promote SACO discussions.

On 30 January, Okinawa Prefecture submitted to the central government its (draft) "action program for the return of U.S. military bases" calling for the removal of all U.S. bases in the prefecture by 2015. The government, which retains a policy of maintaining the Japan-U.S. security arrangements, considers it very difficult to meet Okinawa's demand (as stated by DA head Usui). However, because of fear that "the alliance between Japan and the United States may be damaged" if nothing is done to deal with the matter, the government decided to "work out a concrete base return plan" before U.S. President Bill Clinton visits Japan in April (according to a senior DA official).

The government intends to urge the United States to clarify why the U.S. military bases are needed and to define their strategic significance. This is the first time for the Japanese Government to file an official inquiry with Washington about the operation of U.S. military bases in Japan. The inquiry is aimed at enabling the government to brief the "committee on U.S. military bases on Okinawa" on the functions of military bases, to define the importance of the U.S. military presence to Japan's security, and to work out a realistic base reduction plan.

**Japan: Protests Held Against USMC Live-Fire Exercises in Okinawa**

*OW2102044696 Naha OKINAWA TIMES in Japanese 20 Feb 96 Evening Edition p 5*

[FBIS Translated Text] Kin — Early on the morning of 20 February, a U.S. Marine Corps [USMC] unit started its live-fire exercise across Prefectural Highway Route 104 in the training field of Camp Hansen, located in Kin

Township. It was the third exercise conducted so far this year and the second in February. The exercises have been conducted at a high pace recently, beginning with the previous one, conducted 12 days ago (6-8 February). The firing exercises started at 0713 hours [2213 GMT], thereby breaking the silence of the Lunar New Year. A light rain was falling, and Mt. Onna, the impact area, was covered with low clouds. When the shell exploded, the whole township resounded with a loud "boom!"

About 100 members of the Okinawa Peace Movement Center [OPMC], which opposes the exercises, held a rally in front of Gate One. In criticizing the exercises that have been conducted repeatedly, Giichi Nakasone, director of the OPMC secretariat, stated: "Priority is always given to the argument put forward by the army, while prefectural residents' lives are ignored. We will carry on our protests against such exercises as long as the exercises are conducted." With red headbands around their heads, the participants yelled in chorus: "Stop all military exercises!"

About 70 members of the Tootsuren [Okinawa United Action Liaison Council] also held a protest in front of Gate One. Shaking their fists, the participants chorused: "Go home Yankees! Don't turn Kin township into a nuclear battlefield!" Appealing for solidarity, Zensho Nozawa, representative of the Prefectural Peace Committee, emphasized: "Based on the unequal Status of Forces Agreement [SOFA], the U.S. military has ignored human rights. Despite the fact that our appeal has become known all over the world, our government still refuses to listen to our appeal in earnest."

**Japan: Editorial Urges Okinawa's Action in Shaping Joint Statement**

*OW2102094296 Naha RYUKYU SHIMPO in Japanese 20 Feb 96 Morning Edition p 5*

[Editorial: "Crucial Move to Influence Japan and the United States"]

[FBIS Translated Text] Japan and the United States must "recognize and reward the sacrifices of the Okinawan people" in hosting the U.S. forces on their island. The two governments reportedly reached a basic agreement to include this in the "joint security statement" to be released after the April summit talks between U.S. President Bill Clinton and Prime Minister Ryutaro Hashimoto.

Former Prime Minister Tomiichi Murayama, incumbent Prime Minister Hashimoto, and some of former cabinet ministers have often said they understand "the Okinawans' feelings" or they knew of "the sacrifices of Okinawa and its ordeal." What they meant was: Although we understand your feelings and the situation

you are in, we would like to beg your patience in order to firmly maintain the security framework which is of vital national interest. This is the interpretation most of us share.

The agreement made this time will have significant weight because it is going to be an official statement by the supreme leaders of the two governments which have forced Okinawa to sacrifice itself. It is also said that, keeping the Okinawan sacrifice in mind, they intend to evaluate, in the statement, the progress of base reorganization, reconsolidation and retrenchment promoted by "Japan-U.S. special action committee regarding base facilities and districts on Okinawa." The committee will continue reduction efforts through the end of this year after the summit. We hope its efforts bring about "some results" that meet Okinawans' expectations.

Okinawa has been strongly opposed to including the 45,000 U.S. forces in Japan in the statement, believing "it would lead to the fixture of the bases on Okinawa in the future." Recently it was reported there is a high possibility of this number being deleted from the statement.

Whether it is the reduction of bases or the maintaining of 45,000 forces, both the Japanese and U.S. governments have never listened to our calls and demands. They have decided our fate while kicking us out of the discussion arena. Considering this, the agreement symbolizes a great change in their handling of the Okinawa issue.

Obviously, however, this does not mean the two governments truly realize the "sacrifices" of Okinawa, and their change came as a result of soul searching.

The rage which has been smoldering among Okinawans for the past 50 years finally exploded at the 21 October mass rally participated in by 85,000 residents following the rape of a schoolgirl by three U.S. servicemen. It was the collective power of 1.2 million Okinawans to break the current impasse, and to pursue our own future which changed the stance of these governments.

We must keep our eyes on their moves to find out how the statement to be issued at the summit will define Okinawa, and what kind of conclusion the special action committee will reach at the end of the year. The "outcome" is still uncertain, but we believe it is possible for Okinawa to exercise some influence on its future course. To do that, we must reconfirm our consensus represented by the four slogans adopted at the mass rally, including base reorganization and reduction, and the review of the Japan-U.S. Status of Forces Agreement. As a matter of course it is crucial to create a blueprint for the future Okinawa after the return of the bases, and specific plans to promote it.

#### Japan: Poll Shows 70 Percent Support for Ota's Proxy Signing Refusal

OW2102054396 Naha OKINAWA TIMES in Japanese  
21 Feb 96 Morning Edition p 1

[FBIS Translated Text] "Around 70 percent of Okinawans support Governor Masahide Ota's refusal to undertake proxy signing of land leases [for U.S. military bases], and think that the Japan-U.S. Security Pact should be abrogated." — This was revealed on 20 February, based on the results of the "Survey on the Political Consciousness of Eligible Okinawan Voters" conducted by the Political Science Research Group, Faculty of Arts, the University of the Ryukyus (headed by Professor Takayoshi Egami).

The survey shows that more than 60 percent of the pollees asserted that "even if Okinawa's economy will be hard hit by the decrease in U.S. military-related income, the bases should be reduced or withdrawn." This serves to demonstrate the Okinawans' strong desire to be freed from the present concentration of military bases in the prefecture.

This survey took a random sample of 1,000 pollees living on the main island of Okinawa from a list of eligible voters. These people were then visited individually in early December for polling. As a result, 570 of them gave responses to 50 questions covering the areas of U.S. military bases, Japan-U.S. security alliance, political party affiliation, decentralization of power, and culture and tradition.

Among the questions relating to the U.S. bases, as many as 71.1 percent said they "support" Governor Ota's refusal to undertake proxy signing procedures to facilitate forcible use of land for U.S. bases, while those who stated they "do not support" Ota were only 3.7 percent.

With regard to the future of the Japan-U.S. security alliance, 57.2 percent believed a "review" is needed, 11.9 percent called for "abrogation," while 5.8 percent opted for the "maintenance of status quo."

Answering a question on Article 17 of the Japan-U.S. Status of Forces Agreement on the custody of suspect criminals and related matters, which came into question in the U.S. soldiers' rape incident, as many as 81.4 percent replied that "this article should be reviewed," 6.1 percent said "improvement in implementation" is necessary, while only 0.5 percent believed this provision should "stay as it is."

Regarding the size of U.S. military bases in Okinawa, 55.1 percent said that they "should be reduced," and 27.5 percent expressed the opinion that they "should be

withdrawn," significantly more than those who opted for "maintaining the status quo" or "further expansion," which totalled only 9.5 percent.

To the question "whether the bases should be reduced or withdrawn even if this would undermine the economy," a significant number — a total of 65.8 percent — answered "yes," or "basically yes."

This survey was conducted at the time former Prime Minister Tomiichi Murayama filed a court case against Governor Ota on the issue of proxy signing of land leases for the forcible use of military land, and this partly explains the strong reaction showed. Still, Professor Egami's analysis is that "a strong desire to withdraw the bases can be seen."

With regard to the future of Okinawa, 38.4 percent wanted "further transfer of budget and powers from the national government," and 13.2 percent asked for the "transfer of all powers except foreign policy and defense." A mere 3.3 percent hoped for "independence from Japan."

On the other hand, support rates for political parties are as follows: Liberal Democratic Party, 18.4 percent; Social Democratic Party, 11.9 percent; New Frontier Party, 7.2 percent; Okinawa Socialist Masses Party, 2.8 percent; Japan Communist Party, 2.6 percent; and Sakigake [Harbinger], 1.1 percent.

#### **Japan: Simulated U.S.-ROK Counterattack Plan Against DPRK**

*OW2102043496 Tokyo SAPIO in Japanese  
28 Feb 96 pp 17-22*

[Article by Shigeru Matsui, commentator on military and diplomatic affairs: "U.S.-ROK Troops to Invade North in Counterattack if North Korea Invades South: Simulated War Game of Operation 5027"]

[FBIS Translated Text] U.S. military authorities recently issued a series of warnings that the DPRK may attack the South.

The United States, however, has already worked out a secret counter-measure before it made noise about the North Korean threats. Pentagon and U.S. munitions industry at heart are looking forward to the DPRK launching attacks, because they can throw back budget reduction and restructuring plans threatening the military-industrial complex since the collapse of the East-West Cold War structure.

In readiness for contingencies in the Korean peninsula, U.S. military bases in Japan, the frontline in the rear, have shifted their targets from Russia to the DPRK. Expansion and reinforcements for that purpose are

underway in Misawa, Sasebo and Okinawa. Despite this, it looks like tension is mounting in Northeast Asia.

#### **Reverse Counterattack Scenario Worked Out By U.S.-ROK**

The U.S. counterplan is called Operation 5027 [OP5027]. It was worked out in detail by Pentagon and was adopted at the regular U.S.-ROK security conference in October 1992.

"OP5027" will mobilize 450,000 U.S. troops, the same size as mobilized during the Persian Gulf War, with additional 630,000 ROK troops. It will be the biggest military operation of the century, surpassing the scale of the Gulf War. Mobilized U.S. troops will include 11 heavy armored regiments, eight infantry divisions and two marine divisions on the ground and 34 fighter air squadrons and four heavy bomber squadrons in the air, six aircraft carriers at sea and so on.

Against this, the DPRK has a total force of approximately 1.13 million-strong regular People's Army. About 60 percent of them are assigned in the fourth, second, fifth and first corps and the armored corps along the vicinity of the DMZ. "OP5027" starts with the assumption that these crack troops of the DPRK Peoples Army launch a surprise attack to move southward simultaneously toward ROK capital Seoul and other targets.

The advance routes of these corps can be traced in the map on the next page.

Against them, the U.S.-ROK troops have set up three-fold defense lines. The first line is made up of 12 "forward divisions" deployed along the DMZ. Behind them are a number of "tactical reserve divisions" to fill the losses suffered by the "forward divisions." Further behind are "strategic reserve army corps," the best crack troops of the U.S.-ROK military with the mission of defending Seoul to the death.

In the meantime, in the Japanese mainland, the U.S. Air Force 35th Fighter Wing at Misawa with 54 F-16 Fighting Falcon fighter-bombers will go on bombing missions against the DPRK Peoples Army. The U.S. Air Force 18th Air Wing at Kadena, Okinawa with 54 F-15 Eagle fighters is assigned to their escort missions. Besides, from Yokosuka the U.S. Seventh Fleet aircraft carriers will sail out to the adjacent seas to North Korea to provide air support.

Meanwhile, from Hawaii, the U.S. 25th Infantry Division troops will be urgently airlifted to the ROK and Army, Navy and Air Force troops in the Continental U.S. will be dispatched in succession to reinforce U.S. troops both in the Korean peninsula and Japan.

In the "OP5027" the combined U.S.-ROK troops will form a sledge with reinforcement U.S. troops, while defending Seoul with their full strength.

The role of hammering down the DPRK People's Army's elite troops on the sledge from behind is assigned to the troops that make landing operations on the North Korea's Wonsan beach on the Sea of Japan. In short, this counter-landing operations at Wonsan is the highlight of "OP5027."

The main force that will undertake this landing mission is the U.S. military force stationed in Japan. The U.S. Air Force at Misawa and Kadena, mentioned before, in cooperation with the aircraft carriers from Yokosuka will secure the command of the air supremacy over the Wonsan area.

Minesweeping essential prior to the landing operations will be conducted by two mine sweepers assigned to Sasebo this February.

The Third U.S. Marine Division troops, vanguard of the assault-landing operations, will be transported by assault-landing ships already at the ready at Sasebo. The 12th U.S. Marine Aircraft Group at Iwakuni will provide air support to the Third Marine Division troops that would have made successful landing.

In addition to the Third Marine Division, landings will be made by U.S. Marine reinforcement divisions, U.S. Army armored troops and the ROK First Marine Division. After occupying Wonsan, these troops will advance along the highway leading to Pyongyang from Wonsan via Koksan, the site of a large air base and one of the largest rear military bases for the DPRK People's Army. Once Koksan is taken by the hostile force, the fifth, first and tank corps of the Peoples Army will be like a mouse in a trap, cut off from their withdrawal routes.

U.S.-ROK ground forces engaged in the defense of Seoul will launch counterattacks, cross the DMZ and enter the North Korean territory in pursuit of the retreating People's Army. Then they will attack the DPRK capital Pyongyang together with landing troops from Wonsan.

The U.S.-ROK forces, after occupying Pyongyang, will move on to occupy Yongbyon, mecca of nuclear development, and destroy its nuclear facilities. The U.S.-ROK forces will stop to advance along the line connecting Chongju and Hamhung at the root of the Korean peninsula and incorporate the area south of the line into the ROK territory. Here "OP5027" comes to an end.

The reason why no further advance to the north is made is based on the bitter experiences of the Korean War. The North Korean territory expands greatly in width from that line and its terrain is topographically precipitous. Because of these features, troops commanded by Gen. Douglas MacArthur which had advanced deep into North Korea could not make any further advance and faced a stalemate.

North Korea, on the other hand, seemed to have thought of staging a protracted war of attrition by digging in to such terrain along the China-DPRK border. This assumption is based on the fact that Kim Chong-il himself was said to have studied the retreat strategy of Russian general Illarionovich Golenishchev-Kutuzov who dragged in Napoleon's troops into the vast expanse of Russia. [see "Great Leader Kim Chong-il" published in the DPRK]

Kanggye, center of the DPRK's northernmost Chagang-do Province, is the mecca of munitions industry and at Chunggang near the China-DPRK border a launching base of "Nodong 1" missiles is under construction. In recent years the 10th corps was newly activated in this area to reinforce the defense. These measures seem to derive from a plan that the DPRK leadership headed by Kim Chong-il is going to hold on in the natural fortress surrounded by precipitous highlands after Pyongyang was lost.

I have visited the DPRK twice so far. In May 1995 I toured the area south of Pyongyang to Panmunjom and witnessed a considerable degree of defensive measures concealed under tight camouflage. They are considered designed to cope with the northward advance of the U.S.-ROK forces, such as "OP5027."

#### **U.S. Forces in Japan Also Support Deployment to Indian Ocean and Persian Gulf**

Pentagon has a plan to separate the Northeast Asian Army covering North Korea and China and make it independent from the Pacific Army, covering Asia-Pacific and Indian Ocean-Persian Gulf, with its command headquarters in Hawaii. As a matter of fact, to put "OP5027" into action, it is convenient to have a permanent Northeast Asian Army Command, independent of the Pacific Army Command.

U.S. military bases in Japan serve an important role as deterrent force to China. Especially since they have great influence over the Shanghai district to the west of Okinawa. At present, the special economic zone in the vicinity of Shanghai produces one-sixth of China's whole industrial production and it is the birthplace of top leaders of the present regime including Jiang Zemin, party general secretary and concurrently chairman of

party's central military commission. In short, it is the heart of present China.

Eight hundred kilometers off lies Okinawa. It means that the 18th Air Wing at Kadena, Okinawa has the best location for gaining air supremacy in the Shanghai district. China's prize industrial factory complex in the Shanghai special economic zone can easily be demolished when F-16 bombers of the 35th Fighter Air Wing at Misawa and B-52 strategic bombers at Guam attack it under the escort of F-15 fighters of the 18th Air Wing.

China is aware of such threats from Okinawa. Thus, it deployed its most modern Su-27 fighters purchased from Russia at Jiaohu air force base and the domestically produced high performance "Jiang-ji 8" fighters in nearby areas to step up the defense.

As described before, the Pacific Army covers the Indian Ocean and Persian Gulf areas. The Persian Gulf area is under the jurisdiction of the Central Army, equivalent in rank to the Pacific Army, and the Fifth Fleet Command is located at Bahrain in the gulf. But the aircraft carrier of the Fifth Fleet is being dispatched there alternately from Yokosuka. The 54th Task Force [submarine unit] of the Fifth Fleet is given a mission to counter Russian-made Kilo-class submarines operated by Iran, powerful potential enemy country. In July last year the 54th Task Force Command was newly activated at Yokosuka to give orders, supply and support to these submarines. On top of it, the Third Marine Division in Okinawa is on the list expected to participate in landing operations, when they were conducted in the Persian Gulf.

The Indian Navy and Air Force in the Indian Ocean that separate Asia from the Persian Gulf are a source of anxiety for Pentagon. The Indian submarine units, in the process of strengthening, have their bases at Andaman and Nicobar islands in the Bay of Bengal with capability of controlling the Strait of Malacca. Their counterparts are U.S. P3C Orion anti-submarine patrol aircraft units on Diego Garcia Atoll in the Chagos Archipelago, Australian P3C Orion units on Cocos Island and U.S. 74th submarine Task Force. With exception of Cocos Island, other units require supplies and support from U.S. military bases in Japan, especially from Yokosuka.

Since the Gulf War, essential threats to the United States in Europe and the Atlantic Ocean have been dispelled. All that can pose as future problems exist in Asia-Pacific-Indian Ocean-Persian Gulf areas.

In conclusion, it is impossible to work out U.S. world strategy in these areas without U.S. military bases in Japan. We, the Japanese people, have to be aware of these stark realities.

### Japan: Tokyo To Extend Music Copyright Protection to 50 Years

OW2002133596 Tokyo KYODO in English  
1320 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Japan, under U.S. criticism over an alleged violation of music copyrights, will extend the copyright protection period to 50 years, government officials said Tuesday [20 February].

The existing law provides for the protection of sound recordings only copyrighted in and after 1971.

The United States filed a petition with the Geneva-based World Trade Organization earlier this month, accusing Japan of violating the trade-related aspects of intellectual property rights (TRIPS) treaty which came into effect on Jan. 1 this year.

Washington argued that the treaty, worked out under an agreement that led to the institution of the WTO, mandates protection for 50 years retroactively on all sound recordings with copyright terms not expired in the country of origin.

Japan, however, claims that the treaty allows signatories to set the protection period at their own discretion.

Japan will refute the U.S. criticism at bilateral negotiations scheduled to be held at the WTO in early March, the officials said.

In order to avoid future criticism against Japan, the government will revise the existing law to protect copyrights of sound recordings for a period of 50 years, they said.

Prime Minister Ryutaro Hashimoto will refer to the importance of the treaty in his meeting with U.S. President Bill Clinton in the U.S. on Friday, the officials said.

### Japan: Probe Proposal on Film Dismissed at OECD by U.S. Opposition

OW:902123796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Feb 96 Evening Edition p 1

[Report by Toru Yoshida]

[FBIS Translated Text] Paris, 15 Feb — In connection with the photo film market dispute between Japan and the United States, the Japanese Government proposed at the 14-15 February meeting of the OECD's Trade Committee that the OECD should launch an objective probe into the closed nature of the each country's film market. However, the U.S. Government, which wants to settle the dispute in bilateral talks, opposed the

Japanese proposal. Therefore, the Japanese proposal was dismissed due to the OECD's unanimity principle.

In 1995, the U.S. Government launched a probe into Japan's film market under Section 301 of the 1974 U.S. Trade Act (on retaliatory actions against trade partners' unfair practices) in response to a petition by Eastman Kodak Company of the United States that the Japanese photo film market is not open to foreign makers. Then the U.S. Government asked the Japanese Government to accept bilateral negotiations. However, the Japanese Government has rejected talks with the U.S. Government, which is threatening retaliatory measures.

The Japanese Government's proposal at the OECD meeting was intended to shift the film market issue from the Japan-U.S. bilateral talks to multilateral discussion involving third parties. This is because Japan can take a hardline stance against the United States if the OECD objectively compares the film markets of Japan, the United States, European, and other countries and comes to a conclusion that a closed nature is not noted in the Japanese market.

Although the Japanese proposal was not approved at the OECD meeting due to the U.S. refusal, it can be said that it was significant from the viewpoint of keeping U.S. moves in check. The Japanese side believes that by raising the proposal, it succeeded in giving a good impression of Japan's stance to other OECD member nations.

#### **Japan: FTC To Investigate Photo Film, Paper Markets**

OW2102075296 Tokyo KYODO in English  
0743 GMT 21 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — The Fair Trade Commission (FTC) said Wednesday [21 February] it will investigate in fiscal 1996 transactions in the Japanese color photographic film and paper markets, a major area of trade tension between Japan and the United States.

The announcement came two days before Prime Minister Ryutaro Hashimoto's planned summit with President Bill Clinton in Santa Monica, California, on Friday.

Eastman Kodak Co. has accused the Japanese photographic and film and paper markets of being exclusionary, urging Washington to consider sanctions under the 301 provision of a U.S. trade act in a bid to improve foreign access to those markets.

An FTC official denied any link between the survey and the 301 provision, pointing out Japan's traditional stance of taking no action relative to the provision.

but he acknowledged that the antitrust watchdog had Hashimoto's visit to the U.S. in mind.

Photographic film and paper is one of four trade areas in which Washington says it wants to see progress made by Clinton's visit to Japan slated for mid-April.

The commission has been conducting transaction investigations every fiscal year on specific markets, including home appliances, flat glass and passenger cars.

The FTC chose the film and paper markets for fiscal 1996 because they are oligopolistic and trading relations in the areas have been arousing interest both at home and abroad, the official said.

A commission survey in 1992 showed that 99 percent of color film shipments were controlled by three top suppliers, while the ratio was 77 percent for photographic paper shipments.

#### **Japan: Pork Imports Cause Further Friction With U.S., Europe**

OW2002132096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Feb 96 Morning Edition p 3

[FBIS Translated Text] Japan's pork imports have caused further trade friction with the United States and European countries. The EU Commission complains that European dealers have been ousted from the Japanese pork market as a result of the safeguard measure Tokyo took last November to control pork imports, demanding that the Japanese Government rectify the current situation. U.S. dealers plan to file complaints soon with the office of the U.S. Trade Representative based on Article 301 of the U.S. Trade Act (which outlines steps for retaliation against trade partners' unfair practices).

Under the current Japanese pork import system, the balance between the government-designated standard import price and the actual import price is adjusted as an import duty when the latter price is lower than the former. Last November, the government raised the standard price from 460.01 yen to 568.90 yen per kilogram as an emergency measure to check a sharp increase in imported pork. Such a measure is allowed by the World Trade Organization (WTO).

Danish and other European pork has lost price competitiveness as a result of the standard price hike, causing a decrease in Japan's pork imports from Europe. Yet because Japan steadily imports Taiwanese pork, "the United States and European countries suspect unfair practices by Taiwan" (according to the Foreign Ministry). Nevertheless, Japan's safeguard measure is in line with WTO agreements. Also, it is difficult to find out if

what the United States and Europe have said about Taiwan is true. The government has had difficulty "coming up with a solution to this problem" (according to the Foreign Ministry).

**Japan: MOF Disallows Sale of 'Cancer Insurance' by Domestic Firms**

*OW1902123996 Tokyo YOMIURI SHIMBUN in Japanese 18 Feb 96 Morning Edition p 7*

[FBIS Translated Text] On 17 February, The Ministry of Finance [MOF] decided not to further open the market of "cancer insurance" to Japanese insurance companies for the time being because liberalization of the "third-sector" insurance market is becoming a new focal point of the Japan-U.S. economic friction.

The United States wants to delay Japanese companies' full-scale advance into the third-sector insurance market presently dominated by U.S. insurers. In view of this, MOF has decided to comply with the U.S. request.

The MOF decision will be conveyed to U.S. leaders at such occasions as the Japan-U.S. summit on 23 February and meetings with Ira Shapiro, general counsel to the U.S. trade representative, who is visiting Japan later this month.

The third-sector insurance market — a gray zone between the life and nonlife insurance market — consists of products covering casualty, sickness, and nursing. The revised Insurance Business Law is going to take effect on 1 April to encourage life and nonlife insurers to enter each other's business spheres to compete in a unified insurance market. However, the United States is wary of Japanese firms' handling of advances into cancer insurance because U.S. insurers currently dominate over 90 percent of the Japanese cancer insurance market.

In the bilateral economic framework talks settled in October 1994, Japan and the United States agreed that "the cancer insurance market should be liberalized (to Japanese insurers) in line with achievements of deregulation in the two primary markets." In this regard, the revised insurance law has a supplementary provision requiring consideration for foreign insurers highly dependent on third-sector insurance. Thus, the revised law supports postponement of major Japanese insurers' advance into the third-sector insurance market; however, the United States has been insisting subsidiaries of Japanese insurers should be also excluded from the market.

In preparation for the implementation of the new insurance law, the United States informally asked the MOF late last year to postpone liberalization of the insurance market. Upon this request, the MOF decided

not to allow advances into the cancer insurance market by both Japanese insurance firms and their subsidiaries.

**Japan: Hashimoto Meeting With ROK President 'Unclear'**

*OW2102065596 Tokyo KYODO in English 0515 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — It is unclear whether or not Prime Minister Ryutaro Hashimoto can hold a bilateral meeting with South Korean President Kim Yong-sam when the two visit Bangkok for the Asia-Europe summit March 1 and 2, a government spokesman said Wednesday [21 February].

"I naturally hope it (such a meeting) is held with composure, although it is apparently a unilateral hope," Chief Cabinet Secretary Seiroku Kajiyama said at a press conference.

The South Korean president canceled a meeting with a Japanese ruling coalition mission on Feb. 10 as an expression of displeasure over Japan's claim that Takeshima Islands, called Tokto in South Korea, in the Sea of Japan, are Japanese territory.

The two leaders had been tentatively scheduled to have bilateral talks in Bangkok for the first time since Hashimoto's assumed the premiership last month.

Hashimoto told reporters he will set schedules for bilateral meetings with leaders after it is decided when he would be able to leave Tokyo.

"There would be little time to hold bilateral meetings unless I can leave (for Bangkok) soon. And it won't be good to retract such meetings after they are scheduled," he said.

Hashimoto is tentatively scheduled to leave Tokyo Feb. 29 and return March 3.

**Japan: Fisheries Agency To Ask Seoul for Bilateral Talks**

*OW2002125096 Tokyo KYODO in English 1240 GMT 20 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Japan's Fisheries Agency expects to ask South Korea to open full bilateral fishing negotiations at an early date, now that both countries have claimed exclusive economic zones of 200 nautical miles around their coastlines, officials said Tuesday [20 February].

Seoul earlier had reservations about setting a 200-nautical-mile economic zone, but declared its intention of doing so Tuesday to counter a similar action taken by Tokyo hours earlier.

The cabinet of Prime Minister Ryutaro Hashimoto approved a plan to establish a 200-mile zone under the UN Convention on the Law of the Sea, of which it wants parliament to approve ratification during the current session.

Setting these zones is expected to lead to wrangling over a group of islets in the Sea of Japan, of which Japan and South Korea claim the ownership. But the officials said the move puts the two countries on common ground about bilateral fishing talks.

Under the current Japan-South Korea fishery treaty, the nations allow fishermen from each other to operate freely outside their territorial waters extending 12 nautical miles off their coastlines.

In line with the upcoming ratification of the UN Sea Zone Treaty, however, Japan hopes to set a 200-mile economic zone and adopt a system calling for fishermen operating within this zone to observe target catches to be set for different kinds of fish.

While talks on economic zones should normally come after resolving the territorial dispute, Japan wants to agree with South Korea on provisional fishing zones without getting pulled into a row over the islets known as Takeshima in Japan and Tokto in South Korea.

Behind Japan's hasty approach are concerns that fishermen from South Korea and other countries are wreaking havoc on marine resources in coastal waters around Japan through overfishing.

But agency sources anticipate tough negotiations ahead, saying any zoning will ultimately boil down to territorial problems.

The issue of economic zones puts Japan into a similar situation with China as they are in dispute over ownership of the Senkaku islands in the East China Sea that are known as the Diaoyu Islands in Chinese.

#### **Japan: Fishermen Urge Strong Stance in Fishing Talks With ROK, PRC**

*OW2002112896 Tokyo KYODO in English  
1038 GMT 20 Feb 96*

[FBIS Transcribed Text] Matsue, Japan, Feb. 20 KYODO — Fishermen in western Japan called on the government Tuesday [20 February] to maintain an uncompromising stance in fishery talks with South Korea and China to avoid "unlawful" operations by fishing boats from those countries off Japanese coasts.

The Confederation of Fishermen's Unions in Shimane Prefecture made the call in a statement issued after Prime Minister Ryutaro Hashimoto's cabinet approved a plan to establish a 200-nautical-mile exclusive economic

zone under the UN Convention on the Law of the Sea, despite a territorial row with South Korea and protests from China.

The statement said the Japanese Government should take a strong posture in the proposed negotiations for fishing pacts with the two countries.

The government should set a solid deadline for the negotiations and make clear its readiness to scrap bilateral fishing agreements with South Korea and China in an attempt to stop illegal operations by South Korean and Chinese fishing boats within the 200-mile exclusive economic zone, it said.

The statement urged the government to apply the economic zone completely for preserving Japanese fishing resources.

#### **Japan: Maritime Authorities Rescue DPRK Fishermen**

*OW2102065696 Tokyo KYODO in English  
0557 GMT 21 Feb 96*

[FBIS Transcribed Text] Fukui, Japan, Feb. 21 KYODO — Four North Korean [DPRK] fishermen rescued Tuesday after drifting in the sea of Japan for six weeks were hospitalized Wednesday [21 February] in the coastal city of Tsuruga, Fukui Prefecture, Maritime Safety Agency (MSA) officials said.

The fishermen, ranging in age from 20 to 45, will be hospitalized for one to two weeks to recover from their ordeal, doctors said.

An MSA patrol boat spotted the North Korean vessel Tuesday morning about 33 kilometers west of Cape Echizen and rescued them. The 14-ton vessel was brought back to Tsuruga port for investigation.

The weakened crew members were lying in the cabin when MSA officials boarded the ship.

The fishermen said they left the North Korean port city of Najin on Dec. 31, but stormy weather disabled the boat two days later.

They also said their food and water ran out about 10 days ago.

#### **Japan: MOFA Funds Environmental Plan for Dalian in PRC**

*OW2102060496 Tokyo KYODO in English  
0440 GMT 21 Feb 96*

[FBIS Transcribed Text] Kitakyushu, Japan, Feb. 21 KYODO — The Foreign Ministry [MOFA] will allocate official development assistance (ODA) to an environmental preservation plan backed by the Japanese city

of Kitakyushu for Dalian in China, Kitakyushu officials said Wednesday [21 February].

It is the first time a project involving international cooperation between two local governments has had full ODA funding, they said.

The officials said the plan aims to turn Dalian, in the northeastern Chinese province of Liaoning, into an "environmental model city." The city is currently experiencing serious environmental degradation.

Kitakyushu in northwestern Kyushu is one of the closest major Japanese cities to Dalian and maintains friendly links with it.

The ODA will cover a two-year development survey.

The project involves the drawing up of a mid- and long-term plan and surveys of atmospheric pollution and water degradation, the officials said.

#### **Japan: Tokyo, Moscow Fail To Resolve Fishing Dispute**

*OW2102130796 Tokyo KYODO in English  
1206 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Japan and Russia wrapped up three days of talks Wednesday [21 February] without reaching an agreement on ways to secure the safety of Japanese fishing vessels operating in disputed waters off four Russian-held islands, officials said.

The Japanese and Russian negotiators agreed, however, to continue the laborious exchange of opinions among experts over resources and fishery operations in the sea, the officials said.

Both sides have also agreed to hold the next round of talks at an earlier possible date, they said.

The meeting was the fifth round of talks since March 1995 that began after a series of incidents in which Russian patrol boats fired at Japanese fishing vessels in waters near the four disputed islands northeast of Japan's northernmost main island of Hokkaido.

Japan and Russia are discussing ways to secure the safety of Japanese fishing boats without violating the two countries' respective positions on the islands.

Russia claims some form of pact is needed to stop what it calls poaching in its waters, while Japan objects to paying fishing fees for fear it could be interpreted as an implicit recognition of Russian sovereignty over the disputed islands.

Japan claims sovereignty over the four islands — Etorofu, Shikotan, Kunashiri Islands and the Habomai

group of islets — which were seized by Soviet troops in the closing days of World War II.

#### **Japan: Germany's Rexrodt Announces Business Initiative for Japan**

*AU2002134496 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 Feb 96 p 13*

[Report by "Odr": "Rexrodt Announces New Japan Concept"]

[FBIS Translated Text] Tokyo, 19 February — Economics Minister Guenter Rexrodt, who is currently visiting Japan for talks on economic policy, on Monday [February] 20 announced a joint Japan concept of German industry in Osaka, where he was accompanied by Federation of German Industry [BDI] President Hans-Olaf Henkel and a delegation of Bundestag deputies. The goal is to pay more attention to Japan within the framework of the so-called Asia offensive of the Federal Government and German industry, which was initiated in 1993. Furthermore, a new office of the Federation of German Chambers of Industry and Commerce in Japan was opened in Osaka.

Japan is Germany's most important trading partner in Asia. After Tokyo, the western Japanese region of Kansai is Japan's most important trading center with a GNP as big as Canada's or Spain's. Nevertheless, according to Rexrodt, Japan has been neglected for quite some time compared to the PRC and the "tiger states." Rexrodt, who also met with Japanese MITI Minister Shunpei Tsukahara on Monday, signed an agreement on export promotion in order to strengthen cooperation between the two countries on third markets. In this agreement Japan declared its readiness to let subsidies for Japanese exporters also go to German subcontractors, up to a share of 70 percent of the order value. This applies to export loans and development aid funds: Conversely, Hermes guarantees for German exports are also permitted in case of Japanese subcontractor shares of up to 30 percent.

In future, information days about prospects on the Japanese market are to be held in Germany. German-Japanese company cooperation projects on third markets will be intensified and cooperation in the field of high technology is to be increased. Leadership will rest with the Asia-Pacific Committee of German industry, while BDI President Henkel wants to take over coordination. In Osaka, a "German Center" will be developed, which unites the Chamber, the consulate General, the Goethe Institute, and the Federal Office for Foreign Trade Information.

The FRG traditionally has a high deficit in trade with Japan. In 1994 the deficit was 16 billion German marks.

During the first nine months of 1995 German imports from Japan rose by 3.8 percent, while exports went up by 5 percent.

**Japan: Trade Insurance Partnership Formed With Germany**

*OW1902130596 Tokyo KYODO in English  
1250 GMT 19 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 19 KYODO — Japan and Germany agreed Monday [19 February] to team up in extending insurance to trade and investment projects in third countries in a bid to help expand the presence of Japanese and German companies in Asia and the Middle East, the Trade Ministry said.

Japan has expertise in trade insurance for Southeast Asia, while Germany is strong in Russia, Middle and Eastern Europe and the Middle East. Mutual information exchanges will be helpful in composing trade projects and running insurance schemes, the ministry said.

Under the accord, Japan's trade insurance authorities and Germany's public-sector export insurer, hermes, will jointly offer insurance to a given project and cross-provide insurance to each other's companies.

The two countries are expected to forward trade insurance to a 600 million dollar project for building a thermal power plant project in Turkey.

International Trade and Industry Minister Shunpei Tsukahara and Germany's Economic Minister Gunter Rexrodt welcomed the insurance partnership when they met at the Trade Ministry Monday, ministry officials said.

Japan has similar trade insurance alliances with France and Britain.

The ministers also confirmed bilateral technical cooperation in aerospace and other high-tech fields as well as on the environmental front, according to the officials.

On concerns that Japan-U.S. bilateral agreements might work against Europe, Tsukahara assured Rexrodt that Japan will honor the principle of most-favored nations under the World Trade Organization, the officials said.

The officials said Rexrodt welcomed the statement, saying it is not desirable to put the interest of one country before that of another.

**Japan: Polish Senate Leader Backs Tokyo's Security Council Bid**

*OW2002104096 Tokyo KYODO in English  
0939 GMT 20 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Polish Senate leader Adam Struzik paid an honorary

visit Tuesday [20 February] to Prime Minister Ryutaro Hashimoto and voiced support for Japan's bid to gain permanent membership on the UN Security Council, a Foreign Ministry official said.

In a 20-minute meeting at the premier's official residence, Struzik also thanked Hashimoto for Tokyo's decision last November to resume extending credit to Warsaw, while urging an increase in Japanese investments in Poland.

Hashimoto said Japanese companies are interested in the Polish market because it is located between the European Union and Russia.

The premier expressed support for Warsaw's reform drives and said he hopes Poland will make further efforts to attract Japanese investments.

The parliamentary leader arrived in Japan earlier in the day for a five-day stay at the invitation of House of Councillors President Juro Saito.

Struzik will meet with Emperor Akihito and business executives and visit "technology city" Tsukuba, northeast of Tokyo, and the ancient capital of Kyoto before leaving Japan on Saturday.

**Japan: Tokyo To Send Economic Mission to Pakistan 26 Feb-4 Mar**

*OW2002104096 Tokyo KYODO in English  
0939 GMT 20 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Japan will dispatch a fact-finding mission to Pakistan next week to look into the possibility of economic cooperation with the West Asian country, the Foreign Ministry said Tuesday [20 February].

The mission, to be led by Shinichi Yanai, social assistant to the foreign minister, will be made up of officials of the foreign trade and other government ministries and agencies as well as of government-funded economic organizations, ministry officials said.

As the highest-level government team on economic cooperation, the mission will exchange opinions on Pakistan's economic situation and Japan's medium-term aid policy toward the country, the officials said.

It will leave Japan next Monday and remain in Pakistan until March 4.

Tokyo has sent similar missions to several countries, most recently to Thailand last month.

**Japan: Export-Import Bank To Give Untied Loan to Peru**

*OW1902084296 Tokyo KYODO in English  
0806 GMT 19 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 19 KYODO — The Export-Import Bank of Japan signed an agreement Monday [19 February] with the Peruvian Government for an untied loan of 10.5 billion yen, bank officials said.

The bank will finance 75 percent, or 7,875 million yen, of the loans and guarantee the remaining 25 percent, or 2,625 million yen, through financing by five commercial banks including the Bank of Tokyo.

The loans account for half of the total of 200 million dollars in Peruvian-bound loans that will be co-financed with the Inter-American Development Bank, the officials said.

With economic improvement, fund demand for facility investment has grown in Peru, particularly from small and medium corporations. Medium and long-term funding is scarce, however, due to an underdeveloped domestic capital market, the officials said.

**Japan: Hashimoto, Labor, Business Leaders Discuss Employment**

*OW2102054196 Tokyo KYODO in English  
0351 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Prime Minister Ryutaro Hashimoto conferred Wednesday [21 February] with labor and business leaders on ways to reform Japan's industrial structure and improve the worsening employment situation, a top government spokesman said.

Jinnosuke Ashida, head of the Japanese Trade Union Confederation (Rengo), urged Hashimoto to take action for promotion of economic recovery, prevention of the hollowing out of industry and resultant loss of jobs, and the enforcement of measures to create jobs. Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

Ashida also asked the government to carefully study plans for lifting a ban on holding companies, saying lifting the ban could affect employment.

Jiro Nemoto, president of the Japan Federation of Employers' Associations (Nikkeiren), requested efforts on employment and the foreign exchange market in the short term and reform of industrial structure in the longer run.

For the time being, the government should take measures for jobless graduates, while dealing with the liquid employment market, Nemoto was quoted as saying.

Hashimoto pledged to do his utmost for economic recovery, and promote measures to help create jobs and change the employment structure without bringing about unemployment, Kajiyama said.

The premier expressed the hope that the budget plan for fiscal 1996, beginning April 1, will pass the Diet speedily to help economic recovery and improve the employment situation.

Hashimoto convened the gathering, including cabinet ministers concerned, in view of the severe employment situation, officials said.

**Japan: Kubo Says Bank Executives 'Possibly' Should Resign Over 'Jusen'**

*OW2002061496 Tokyo KYODO in English  
0258 GMT 20 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Finance Minister Wataru Kubo said Tuesday [20 February] the top executives of banks that founded seven troubled "jusen" mortgage companies should take some of the blame for the housing loan fiasco, and possibly resign.

"The management of the founder banks must take the blame in some form, because the banks' responsibility for the bad loan issue is clear," Kubo said at a press conference.

The founder banks' responsibility should not be limited to that of lenders to the mortgage companies, since the banks were apparently also involved in the running of the firms, Kubo said.

Although the founder banks will write off all their loans to the mortgage companies when they are liquidated under the government's scheme, this measure alone will not indicate that the banks are accepting blame for the housing loan fiasco, he said.

Kubo also said the management of agricultural financial institutions, major creditors to the mortgage companies, cannot avoid taking their share of responsibility for the bad loan mess.

The minister's comments came amid fierce public criticism of the government's plan to use taxpayers' money to liquidate the housing loan firms, and questions over the finance ministry's supervision of the firms when the loans became bad.

**Japan: EPA Chief Considers Financial Reorganization 'Inevitable'**

OW2002063696 Tokyo KYODO in English  
0420 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Director general of the Economic Planning Agency (EPA) Shusei Tanaka said Tuesday [20 February] the fiasco over failed housing loan companies has made reform of Japan's financial administration inevitable.

"If the responsibility (for the housing lenders' failure) is clarified step by step, it would lead to the reorganization of financial policy," he told reporters after a regular cabinet meeting.

The finance ministry has come under increasing fire recently for allegedly slack supervision of the housing lender issue, and calls have mounted for the ministry to be reorganized and possibly split.

Tanaka stressed that any new organization established for financial reform must be kept independent of the finance ministry. "Independence is a crucial matter," he said.

Implying that bureaucrats have so far been overprotective of Japan's domestic industry, Tanaka said, "administrators must take on the role of umpire, rather than that of coach, given the liberalization and globalization of financial markets."

He noted that the government's scheme for using taxpayers' money to clear the bad loans of the seven almost bankrupt housing lenders still does not seem to have been accepted by the general public.

**Japan: Keidanren Chairman To Head Economic Council**

OW2002235596 Tokyo KYODO in English  
2303 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), will head the economic council, a blue-ribbon advisory panel to the prime minister, council officials said Wednesday [20 February].

Toyoda, who is chairman of Japan's leading automaker Toyota Motor Corp., will take over the post from outgoing chairman Gaishi Hiraiwa on Wednesday.

Toyoda, 70, has been a member of the council since February 1994. He assumed the chairmanship of Keidanren in May 1994.

The selection of Toyoda as new chairman of the council has already been endorsed by other members of the panel, the officials said.

**Japan: Keidanren Announces 'Sweeping' Internal Restructuring**

OW2002070096 Tokyo KYODO in English  
0545 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — Japan's most powerful business group will launch a sweeping reorganization of its structure, reducing the number of policy-making bodies and abolishing a managerial system, officials of the organization said Tuesday [20 February].

The officials of the federation of economic organizations (Keidanren) said about 10 of 68 policy-making and regional commissions which now are virtually dormant will be abolished and reorganized into other bodies.

The officials said regional commissions involving Asian countries, the United States and Europe will be retained in view of the importance of relations between Japan and those regions.

Plans call for the abolition of managerial posts such as department and section chiefs, and project teams will be formed to tackle specific problems, they said.

The officials said the reorganization reflects the federation's policy shift to making proposals on political matters after it decided not to arrange political donations for its member corporations.

**Japan: Government Adopts Bill To Revise Antimonopoly Law**

OW2002025296 Tokyo KYODO in English  
0050 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — The government adopted a bill to amend the anti-monopoly law at a cabinet meeting Tuesday [20 February] but deferred a decision on lifting the ban on holding companies.

The bill calls for, among other things, upgrading the secretariat of the Fair Trade Commission (FTC) to give the antitrust watchdog more muscle, and extending the age limits for the FTC chairman and members.

The postponement of the decision on holding companies stems from wide differences between the Liberal Democratic Party (LDP), the largest of the three ruling coalition members, and the other two parties — the Social Democratic Party (SDP) and New Party Sakigake.

The LDP wants to lift the 50-year-old ban on holding companies, saying it would help enhance the flexibility

of Japanese businesses, while the SDP and Sakigake remain opposed.

Holding companies were banned during the U.S. occupation of Japan after World War II as part of the effort to break up the giant prewar and wartime industrial and financial conglomerates known as "zaibatsu."

Now that the government has adopted the antimonopoly law revision bill, the coalition parties will intensify discussion on holding companies so that the government will be able to submit a bill to the current ordinary Diet session due to adjourn June 19, coalition sources said.

**Japan: Keidanren Criticizes Decision on Antimonopoly Law**

OW2002131196 Tokyo KYODO in English  
1249 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — The Federation of Economic Organizations (Keidanren) on Tuesday [20 February] issued a statement criticizing the government's adoption of a bill to amend the Antimonopoly Law without a decision on removing a ban on holding companies.

The government's move, decided earlier Tuesday, is extremely regrettable, Keidanren said in the statement under the name of Reiichi Yumikura, head of the powerful business organization's competition policy committee.

Keidanren called for the ruling coalition to pass a bill through the current Diet session to permit the establishment of holding companies in principle.

**Japan: Tsukahara Urges Diet Debate on Holding Company Ban**

OW2002061596 Tokyo KYODO in English  
0221 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — International Trade and Industry [MITI] Minister Shumpei Tsukahara said Tuesday [20 February] that the lifting of the postwar ban on holding companies should be put to open debate in parliament.

The cabinet of Prime Minister Ryutaro Hashimoto initially wanted to present the Diet with a single bill, combining removal of the ban and measures to reinforce the organization of the Fair Trade Commission (FTC), including extending the retirement age for the chairman and members of the antitrust watchdog.

However, the government later removed the provision on holding companies, due to rows between the Liberal Democratic Party and the Social Democratic Party, the

two largest members of the ruling coalition, over how much the ban on such firms should be lifted.

"I'm a little bit disappointed because I have consistently argued for parliamentary debate on the issue (of allowing holding companies)," Tsukahara said at a news conference.

The ban was introduced shortly after World War II to stem the resurgence of "zaibatsu" business conglomerates, which controlled the nation's prewar economy and helped finance its war chest.

"The matter should be discussed in an open environment, taking into consideration the historical perspective," Tsukahara said.

While noting that the conglomerates played a fundamental role in the rapid growth of Japan's prewar economy, Tsukahara said the lifting of the ban on holding companies would not be appropriate "if it led to the resurgence of zaibatsu."

**Japan: Government To Submit 'ACSA' to Current Diet Session**

OW2002083496 Tokyo SANKEI SHIMBUN  
in Japanese 18 Feb 96 Morning Edition p 1

[FBIS Translated Text] According to the "Acquisition and Cross-Servicing Agreement [ACSA]," the Self-Defense Forces [SDF] and the U.S. military could provide each other with such services as fuel supply or transportation assistance. The government started coordination 17 February on expanding application of the ACAS to cover the U.S. military's "independent exercises." Since the government has decided to apply the agreement to participation in joint military exercises and UN peacekeeping operations (PKO) activities, the expansion of the range will help the SDF provide logistic assistance to almost all activities of U.S. Forces Japan [USFJ] "in peacetime." However, concerns have been voiced within the government that assistance in independent exercises could be interpreted as a collective self-defense activity prohibited by the Japanese constitution.

In preparation for the Japan-U.S. summit scheduled for April, the government has decided it will be necessary to bring about realignment, consolidation and reduction of the U.S. military bases on Okinawa. Therefore, the government has also decided to expand application of the ACAS to include independent exercises. A senior official of the Defense Agency [DA] states that to create better conditions for the talks, it has been decided to provide "sensible and appropriate assistance" to the U.S. military for its activities "as much as possible."

The U.S. military's independent exercises include live-firing exercises conducted on military bases or training fields in Japan; nighttime takeoff and landing training for pilots from aircraft carriers in the Iwojima area; and low-altitude flight training in mountain areas on mainland Japan. In particular, expanded ACSA application would allow the SDF to help in transportation when the U.S. military's live-firing exercises across Okinawa Prefectural Highway 104 are shifted to the mainland Japan, thereby reducing the cost share for the United States.

However, a question has been raised by the Cabinet Legislation Bureau on whether the collective self-defense right may be involved. If the U.S. military should engage in any activities to demonstrate force under the pretext of training, and "if the SDF should provide assistance, provision of assistance may possibly violate Article 9 of the Constitution that prohibits threat of force." In this connection, depending on cases, one condition may possibly be attached when applying ACSA to "independent exercises": it will be limited to "those conducted in Japan or within the territorial waters of Japan." It is also anticipated that the Social Democratic Party (SDP) will disapprove of the decision.

The ACSA is an agreement signed between the United States and its allies on provision of fuel, food, and assistance in transportation and communications when conducting joint exercises. The United States has signed such an agreement with about 20 countries, including NATO member nations and the ROK. Coordination is in progress between Japan and the United States on excluding the provision of ammunition and on not applying the agreement "in time of emergency." When the two sides reach a final accord, the government plans to submit ACSA to the Diet during its current session.

#### **Japan: Failed Cosmo Credit Turnover Plan Reported**

OW1902125596 Tokyo KYODO in English  
1222 GMT 19 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 19 KYODO — The failed Cosmo Credit Corp. of Tokyo will officially be turned over to the newly formed Tokyo Kyodou Bank on March 25, officials of the bank said Monday [19 February].

The decision was reached at the bank's extraordinary shareholders meeting Monday, they said.

The transfer comes about eight months after Cosmo was ordered to suspend operations effective July 31 last year.

The officials said about 130 billion yen worth of recoverable loans are to be purchased by a loan recovering unit set up at the Tokyo Society of Credit Cooperatives.

The National Federation of Credit Cooperatives, however, takes a cautious stance on financing the purchase, and the transfer of Cosmo's operations to the bank may be put off until the next fiscal year, they said.

The bank will also absorb some of the personnel employed by Cosmo, they said.

#### **Japan: JETRO's 'Export to Japan' Study Program To Start in Mar**

OW2002084296 Tokyo KYODO in English  
0821 GMT 20 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 20 KYODO — The Japan External Trade Organization (JETRO) will invite a group of 36 foreign business people looking to establish or expand their markets in Japan from March 6 to 14 under its 24th "Export to Japan" program, the nonprofit organization said Tuesday [20 February].

The members, who are engaged in the fields of mainframe and personal computers and software, will come from 12 countries such as the United States, France, Germany and Britain.

Under the nine-day program, the members will take part in seminars about the Japanese market and hold individual meetings with prospective Japanese business partners, JETRO said.

JETRO has conducted the program since 1990 and invites about 200 people to Japan in three or four groups each year to help reduce the trade surplus Japan has with its trading partners, it said.

#### **Japan: Panel Seeks KDD's Entry Into Domestic Telecom Market**

OW2102134696 Tokyo KYODO in English  
1202 GMT 21 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — A government advisory panel decided Wednesday [21 February] to allow international telecom giant KDD to enter the domestic market as soon as possible, officials of the organ reported.

The Telecommunications Council of the Posts and Telecommunications Ministry said the decision will be incorporated into a report proposing the breakup of Nippon Telegraph and Telephone Corp.

The organ earlier agreed to recommend the breakup of the domestic telecom giant into a long-distance and two regional telephone companies in fiscal 1998.

The officials said the panel's report will pave the way for KDD to enter the domestic telecom market by the end of fiscal 1997.

The council's decision drew protests from the ruling Social Democratic Party, which said there is no reason to justify NTT's division.

The party demanded the ministry implement a sweeping deregulation package to strengthen the corporation's international competitive power.

#### **Japan: Editorial Advocates Breakup of NTT**

*OW1902125196 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Feb Morning Edition p2*

[Editorial: "Breaking Up NTT Is Not Enough"]

**[FBIS Translated Text]** The Telecommunications Council (an advisory panel to the minister of posts and telecommunications), which has been discussing how to reform the operations of the Nippon Telegraph and Telephone Corporation (NTT), is now working on compiling a report on its recommendations at the end of February. It is only natural that Ichiro Hino, minister of posts and telecommunications, has attested that "the recommendations will be respected, and the government will decide on a set of measures by the end of March."

This has been a pending issue ever since it was taken up by the Ad Hoc Committee on Administrative Reform [which was formed in 1981], and the ongoing discussions may be the last round of discussions on the issue by the Telecommunications Council. This is because putting off the issue further would cause Japan to fall further behind the United States in the area of telecommunications and leave it unprepared for the multimedia age, which has already arrived.

As for compiling the panel report and a set of governmental measures, relevant officials should once again keep it in mind that the way that NTT will be reshaped will have a big impact on the people's livelihood and the nation's industrial structure. The current regulatory system controlling the telecommunications business is based on the concept of adjusting supply and demand, and it needs to be re-examined in this age of vast communications networks. On the other hand, the gigantic NTT, which monopolizes local networks and continues to carry on inefficient operations to the extent that some critics complain that it has reverted to a "bureaucratic entity," also needs to be drastically reformed.

NTT and the Ministry of Posts and Telecommunications [MOPT] remain in dispute even at this late stage. NTT insists that "deregulation" should come first, while the MOPT claims that it is necessary "to break up NTT." Other telecommunications operators have also called for deregulation. The argument over breaking up NTT formed the core of a report of recommendations (to break up NTT into a central division and a regional

division) submitted by the Telecommunications Council in March 1990. However, the plan was shelved in consideration of its possible impact on stock prices and due to other reasons.

Let us take a look at options that are available in regard to "deregulation" and NTT "breakup" plans. At the moment, both "deregulation" and "breakup" plans remain stalled, and the outlook is not bright. If "deregulation" is to come first, NTT, which holds more than 90 percent of the total volume of communications, must be placed under a special regulation (dominant control [dominant kisei]). On the other hand, it would be quite unrealistic to "break up" NTT without making any changes to the existing regulatory system.

Based on such understanding, it seems that what must be done to improve and strengthen Japan's data communications infrastructure today is not to put one of the plans ahead of the other but to boldly implement both plans together. Putting things off and doing nothing is the worst possible choice from the standpoint of users.

The gist of the draft report of recommendations released by the Telecommunications Council on 13 February calls for splitting NTT into a long-distance telephone service firm and two regional service firms, covering the eastern and western areas, respectively. In comparison with a plan proposed last summer by a subcommittee under the Administrative Reform Committee that suggested splitting NTT into a long-distance and four regional (eastern Japan, Tokai region, western Japan, and Kyushu) telephone service firms, the divisions under the Telecommunications Council's plan are larger. Although some members of the council take a cautious stance on the council's NTT breakup plan, the council is very likely to include the plan in its report. What is important is whether such measures will help vitalize NTT. However, NTT is arguing that "this is based on the idea that the company will unquestionably be split, but what should take precedence are deregulation and the establishment of rules governing competition."

Any company that is reaping profits most certainly would object if it were told to split into smaller companies. But NTT and the MOPT must make efforts to arrive at a common understanding that splitting NTT is merely a way to promote competition and build a better information infrastructure.

After the previous recommendations report was submitted, NTT tried to streamline its gigantic structure. However, a dispute arose over connecting NTT's networks with other carriers' lines. Moreover, critics still complain that NTT has yet to make its financial accounts available. Even after NTT being [partially] privatized, it appears doubtful that sincere efforts have been made

to deal with concerns that are still voiced over the company's gigantic structure and limitations in regard to its management.

NTT's monopoly over regional networks is the greatest focal point. The principles of competition have come into play in the area of long-distance telephone services since this sector was liberalized. However, NTT still monopolizes the gateway and exit to these networks, and it is necessary to rectify a situation that does not completely allow free competition. Splitting NTT is one way to do that.

NTT and its affiliates fear that the breakup may cause them to lose competitiveness. However, they need to realize that size does not necessarily determine strength in regards to competition in the communications sector today. What is desired is a structure that is suitable to the international community and services that are diverse and extensive. The government and universities should be given a greater role in research and development projects.

Along with the NTT "breakup" plan, what is desired of relevant government agencies is that they radically review the existing regulatory system. The important point is to help promote cross participation. Also, the market, as a rule, should be allowed to determine prices.

It is natural for the MOPT to be concerned about national sovereignty in communications and possible confusion in the domestic market. However, if the ministry becomes overly concerned, the free flow of information between users and providers will be limited. Strong regulations would only discourage new businesses. In every respect, the MOPT must inevitably ease regulations.

The ministry should embark on reforming the existing system to promote competition through cross participation by boldly removing barriers that currently separate various types of services such as domestic and international, long-distance and local, fixed and mobile, and communications and broadcasting. The NTT Law and other laws are unnecessary; free activity should be assured. It is important to keep discussion open on the issue of mutual connection [of NTT's networks with other companies' lines], which tends to become a problem.

#### **Japan: Police Investigate Signs of 'Possible' Terrorist Activity**

*OW2102032496 Tokyo KYODO in English  
0212 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Two steel pipes showing signs of having been used for shooting some kind of missile were found Wednesday

[21 Wednesday] near a facility of the Justice Ministry's Public Security Investigation Agency, police said.

The pipes and several charred electric cells were discovered in the grounds of Kyoritsu Women's University in Tokyo's Chiyoda Ward, and police said they are investigating a possible link with terrorist activity.

The Metropolitan Police department is also probing an unconfirmed report that a shell was fired near the home of the chairman of the Public Security Commission.

The commission is an independent body in charge of deciding on whether to outlaw any group under the antisubversive activities law, police sources said.

#### **Japan: More on Police Investigation Into 'Suspected Shootings'**

*OW2102041796 Tokyo KYODO in English  
0345 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Police are investigating suspected shootings targeted at public security authorities after finding steel pipes in Tokyo that may have been rigged for firing a projectile, police sources said Wednesday [21 February].

Two steel pipes with traces that they had been used to shoot a shell were found on the grounds of Kyoritsu Women's University in Chiyoda Ward, central Tokyo.

The university faces a building housing the Kanto Regional Public Security Investigation Bureau of the Justice Ministry's Public Security Investigation Agency. The agency had called for applying an antisubversion law against the Aum Shinrikyo religious group.

Meanwhile, a shell appears to have been shot near the home of Katsuji Hotta, chairman of the Public Security Commission.

The commission is an independent body in charge of deciding on whether to outlaw any group under the antisubversive activities law, police sources said.

Police suspect the shootings were the work of an extreme leftist group opposed to the application of the law against Aum Shinrikyo.

Procedures to apply the law are under way and its application would outlaw the sect, suspected of carrying out a nerve gas attack on the Tokyo subway system and other crimes.

Under the law, subversive organizations can be outlawed. The law applies to groups found to have engaged in terrorist acts and deemed likely to continue terrorist activity.

No group has ever been banned under the law, in part because of criticism that the law could be used by the government to stifle dissent.

The steel pipes found in the university are 50 centimeters long with a diameter of about 5 cm. Several flashlight batteries were also found by the pipes.

Near the Public Security Commission chairman's home, a hole was found in the wall of a nearby house and a shell has been discovered.

#### **Japan: Police Law Revision To Allow National Oversight**

*OW1902084196 Tokyo KYODO in English  
0804 GMT 19 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 19 KYODO — The National Police Agency plans to rewrite the law governing police activities to allow its head to direct prefectoral police departments in order to better deal with crimes taking place nationwide, agency sources said Monday [19 February].

The National Police Agency, a state agency, has no such authority now, as it simply coordinates investigations undertaken separately by prefectoral police departments. It supervises police education and training and provides criminal identification services.

Agency officials said a bill to revise the law will be sent to the Diet pending approval by the cabinet Tuesday.

The Japanese police system is based on prefectoral police groups which are autonomous in daily police operations within their prefecture, but unable, in principle, to investigate crimes beyond prefectoral borders.

The system has come into question since the outbreak of a series of criminal acts nationwide allegedly by the religious group Aum Shinrikyo, which allegedly waged a sarin nerve gas attack against Tokyo subways last March killing 11 people and injuring thousands.

The most powerful local police agency, the Metropolitan Police Department in Tokyo, could not open a probe into the cult until a notary clerk was abducted by cult members in the capital.

The National Police Agency has promoted studies on how to increase the efficiency of criminal investigations on a nationwide basis.

"If an organized crime breaks out nationwide, it would be difficult for each prefectoral police unit to make a judgment from a national viewpoint," one official said.

Legal experts say the revision might promote the centralization of police authority, as occurred during and

before World War II, when the police system was centrally controlled.

#### **Japan: Finance Ministry Releases Drug Seizure Statistics**

*OW2102044896 Tokyo KYODO in English  
0050 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO — Japan needs further efforts to control the smuggling of drugs and guns across its borders as smugglers are using increasingly sophisticated methods, said a Finance Ministry report released Wednesday [21 February].

The volume of smuggled drugs seized by Japanese authorities fell from 520 kilograms in 1994 to 264 kg in 1995, but the number of uncovered smuggling cases rose from 317 to 405, ministry data showed.

The data were presented at a meeting of heads of customhouses for their discussion on measures to control drug and gun smuggling into the country.

The report said the smuggling of cocaine rose sharply during the past year, the volume seized surging from 4.2 kg to 21.5 kg and the number of exposed smuggling cases rising from 12 to 20, it said.

The report also said the volume of seized opium in 1995 totaled a record 32.3 kg in 46 cases. The previous high was 27.3 kg in 25 cases in 1994.

According to the report, large amounts of drugs were found being smuggled by aircraft passengers using sophisticated tricks to conceal the contraband.

Some would-be smugglers, for example, tried to bring drugs into Japan by swallowing them or using suitcases with false bottoms, it said.

Meanwhile, the number of gun smuggling cases exposed by Japanese authorities reached 37 in 1995, up from 27 in 1994, the report said. But the number of seized guns fell to 85 from 97, it said.

The ministry's customs and tariff bureau and customhouses nationwide plan to strengthen cooperation and information exchanges with other antismuggling organizations in the country, ministry officials said.

They will also promote cooperation with overseas organizations, including the Brussels-based World Customs Organization, the officials said.

**Japan: Check Shows Monju Leaked 'Harmless' Amount of Tritium**

*OW2002090596 Tokyo KYODO in English  
0840 GMT 20 Feb 96*

[FBIS Transcribed Text] Tsuruga, Japan, Feb. 20 KYODO — A harmless amount of radioactive tritium escaped into the atmosphere during a sodium leak which forced the closure of Japan's prototype fast-breeder nuclear reactor known as Monju in December, officials operating the reactor said Tuesday [20 February].

The officials of the government-funded power reactor and Nuclear Fuel Development Corp. which runs the reactor said the tritium was equivalent to the combined radioactivity in fluorescent paint used on 13 wristwatches.

They said tritium was in some of the sodium which leaked via an air vent to the outside of the building but was restricted to within the grounds of the facility in Tsuruga, Fukui Prefecture, some 350 kilometers west of Tokyo.

The amount was too small to be detected by monitors, and neither workers nor the environment was affected, the officials said.

Tritium results from the nuclear reaction in the plutonium fuel for the reactor and from a reaction between neutrons and boron in the reactor's control rods. It also exists in the sodium in the reactor's primary coolant system.

At Monju, to avoid the spread of tritium, contact between the primary and secondary cooling systems is avoided through the use of an intermediary heat transfer device. Heat from the secondary cooling system is then transferred to a light-water heater to drive a turbine.

Under normal conditions, there should be no leak of radioactivity, the officials said.

Unlike other radioactive substances, however, tritium has extremely small atoms, making it easy for it to permeate through metals, including those used in the light-water heater and the heat transfer device.

The officials said tritium is an inevitable byproduct of the operation of a nuclear reactor, but that it is always treated with care.

Although it was not detected in the immediate aftermath of the December accident, a fuller investigation resulted in the finding that the minute and harmless amount had leaked, they said.

Monju began operation last August and was scheduled to eventually generate 280 megawatts of electricity in June this year.

**Japan: Science Agency Says Metal Fatigue Cause of Monju Accident**

*OW1902124396 Tokyo KYODO in English  
1218 GMT 19 Feb 96*

[FBIS Transcribed Text] Tsukuba, Japan, Feb. 19 KYODO — Endorsing an earlier government commission report, science and technology agency researchers said Monday [19 February] metal fatigue from high-frequency vibrations caused a rupture in a temperature sensor that led to a leak which forced the closure in December of Japan's prototype fast-breeder nuclear reactor, known as Monju.

The agency's national research institute for metals published electron microscope pictures of the ruptured surface of the sensor which displayed typical signs of metal fatigue due to high-cycle vibrations.

The evidence was in line with last week's announcement by The Nuclear Safety Commission that they diagnosed metal fatigue after examining the broken sensor at the government-run Japan Atomic Energy Research Institute's laboratory in Tokai, Ibaraki Prefecture, after its removal from the reactor Feb. 9.

The government-funded power reactor and Nuclear Fuel Development Corp. shut down Monju in Tsuruga, Fukui Prefecture, some 350 kilometers west of Tokyo, on Dec. 8 after nonradioactive liquid sodium leaked from the secondary cooling system.

The leak occurred at the point where the sensor was inserted into the sodium piping.

The broken sensor displayed the classic symptoms of metal fatigue, commission officials said when they made the announcement.

They said after close examination of the surface of the break, they concluded it was due to fatigue-related stress from continued rapid high-frequency vibrations.

It appeared the rate of oscillation of the sensor brought on by the flow of sodium in the piping may have matched the rate for the casing around the sensor, heightening the strain on the instrument, they said.

Monju began operation last August and was scheduled eventually to generate 280 megawatts of electricity in June this year.

**North Korea****DPRK Daily Advises U.S. To Discard  
'Confrontation' Concept**

SK2102044396 *Pyongyang KCNA in English*  
0417 GMT 21 Feb 96

[*"The United States Advised To Discard Conception of Confrontation"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA) — The U.S. Department of Defence reportedly announced an amendment to the joint commanding plan on territorial jurisdiction of its Armed Forces overseas and Oceanic division some time ago.

This plan was worked out to make the U.S. Pacific Forces put greater efforts into "defence" in Far East Asia.

The U.S. bellicose elements are these days frantically staging war exercises in South Korea and in its surrounding waters under the operational system supplemented and completed to cope with the "case of emergency" on the Korean peninsula.

Commenting on this, a news analyst of MINJU CHOSON today says:

The adventurous war games the U.S. bellicose forces are continuously staging even after the end of the Cold War are an anachronistic act going against the worldwide trend of the times toward detente and peace.

By putting spurs on war moves, they fully revealed that they invariably seek the aggressive design to dominate the world with strength.

If the United States truly wants to improve its relations with the Democratic People's Republic of Korea and bring peace to the Korean peninsula, it must renounce its conception of confrontation with the DPRK, stop the war manoeuvres and promptly accede to the proposal for establishing a peace mechanism.

**DPRK Paper Comments on ROK Chiefs of Staff Report**

SK2102093696 *Pyongyang KCNA in English*  
0916 GMT 21 Feb 96

[*"MINJU CHOSON on S. Korea's Undisguised Design To Invade the North"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA) — Several days ago, the South Korean puppet "chiefs of General Staff" of the three services made "reports on this year's duties" to the "defence minister," pledging to further step up war preparations competitively.

In this regard the newspaper MINJU CHOSON today says the fact has fully revealed their design to invade the North.

The South Korean warmaniacs, in a bid to justify their criminal acts, have the effrontery to charge the North with its "military moves," says the newspaper in a commentary, adding:

With this groundless charge, they intend to hold off at home and abroad the influence of the North's patriotic proposal calling for making this a "year of peace and great national unity" and, at the same time, justify and escalate their war preparations. But it is a foolish intention.

The Korean nation will never allow the Kim Yong-sam group to plunge the fellow countrymen into scourge of war. We are keeping a close eye on the puppets' moves to provoke a new war, ready to cope with it.

**DPRK: VNS on ROK Group's Indictment of Kim Yong-sam**

SK2102094296 *Pyongyang KCNA in English*  
0919 GMT 21 Feb 96

[*"Kim Yong-sam Sued at People's Court"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA) — The Nation-saving Youth Blood Pledge Society of South Korea released an indictment on Feb. 1 exposing the anti-national towering crime of the traitor Kim Yong-sam, the civilian-veiled kingpin of theft, the Seoul-based Radio Voice of National Salvation [VNS] said.

The indictment said:

Kim Yong-sam received from No Tae-u 150 billion won and engaged himself in the most despicable political prostitution, that is, the three-party merger. With this heinous arch-crime of political rebellion, he changed the political situation of the minority ruling party and majority opposition in "parliament".

He illegally spent a large amount of "election" fund amounting to 2,000 billion won including the "presidential election" support fund of 520 billion won he had received from No Tae-u. This reduced the "election" to an unheard-of money-driven fraudulent one. This also led to his purchase of the "presidency" with black money.

Kim Yong-sam is the most impudent and greedy criminal in the world who plundered the people's wealth. He is a class-a fraud.

He zealously defended and hid No Tae-u, who should have been punished as a chief murderer and kingpin

of thieves. Kim Yong-sam degenerated the political camp and destroyed social ethics. He also instigated his family and relatives to misappropriate money, the people's wealth.

Underlining that capital punishment should be passed on Kim Yong-sam for his arch crimes, the indictment sued the special-class criminal at the people's court.

**DPRK: International Committee of Jurists Publishes Bulletin**

*SK1702100296 Pyongyang KCNA in English  
0924 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Bulletin No. 3 was published by the International Committee of Jurists for Democracy and Human Rights in South Korea.

In an article titled "Depravity in Seoul", the bulletin pointed out that the Central Committee of the National Democratic Front of South Korea on December 20, 1995 disclosed the truth of a huge amount of secret fund given by No Tae-u, now in prison, to the current "President" Kim Yong-sam. It noted that the close financial links between them vividly show that there is no difference between No Tae-u's military dictatorial "regime" and Kim Yong-sam's "civilian regime".

Under the title "Crackdown on Members of South Side Headquarters of National Alliance for Country's Reunification (Pomminnyon)", an article said the South Korean authorities imprisoned the members of the South side headquarters of Pomminnyon by invoking the "National Security Law" and that the Seoul authorities are persistently opposing the activities for Korean reunification.

In an article headlined "U.S. Still Connected With South Korea", the bulletin said the United States is insisting that permanent stationing of U.S. troops in South Korea should be allowed, but there is no excuse to justify the U.S. forces' occupation of South Korea.

Besides, the bulletin edited articles titled "Demonstration for Widow Pak Yong-kil" and "Evidence of Kwangju Massacre".

**DPRK: Hwang Chang-yop Meets Visitors From Russia's Krasnoyarsk**

*SK1702050396 Pyongyang KCNA in English  
0315 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on February 16 met and had a friendly conversation with a delegation of the Krasnoyarsk Territorial Committee of

the Communist Party of the Russian Federation headed by first secretary of the Krasnoyarsk City Committee of the Party Yu. S. Puzintsev. [name as received]

**DPRK: Kang Song-san Congratulates Jordan's New Prime Minister**

*SK1702050296 Pyongyang KCNA in English  
0321 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — Premier of the Administration Council Kang Song-san sent a message of greetings to Abdul Karim Kabariti upon his appointment as prime minister of Jordan.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue to develop on good terms and sincerely wished the Jordanian prime minister new success in his responsible work.

**DPRK: WPK, Italian Delegations Hold Talks in Pyongyang 15 Feb**

*SK1602044596 Pyongyang KCNA in English  
0417 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Talks between the delegations of the Workers' Party of Korea [WPK] and the Struggle for the Peace and Socialism of Italy [SPSI] was held here on February 15.

Present at the talks on our side were Yim Sun-pil, deputy director of a department of the WPK Central Committee, and officials concerned and on the opposite side were the members of the SPSI delegation led by Luigi Di Cesare, member of its secretariat.

At the talks both sides informed each other of their parties' activities and discussed the development of friendly and cooperative relations between the two parties.

**DPRK: Foreigners, Overseas Koreans Visit Kumsusan Palace**

*SK1602044496 Pyongyang KCNA in English  
0415 GMT 16 Feb 96*

[All names are as received]

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Foreign party delegations, foreigners and overseas Koreans visited the Kumsusan Memorial Palace in which the great leader President Kim Il-song lies in state and paid their respects to him on February 15.

They made entries in the visitor's book.

Head of the delegation of the People's Party of Cambodia Nguon Nhel, member of the standing commission of its Central Committee, wrote that the Kumsusan Memorial Palace is the symbol of the great obligation of the Korean people to His Excellency Generalissimo Kim Il-song, the sun of the Korean nation and a great hero. Garib Newaz, president of the Bangladesh People's League, wrote that the great President Kim Il-song is the leader of the Korean people as well as the world people fighting for independence.

Head of the delegation of the Palang Dharma (Righteous Force) party of Thailand Krasae Chanawongse, its deputy leader, wrote:

"We sincerely wish His Excellency Kim Chong-il, the great leader of the Korean people, a long life in good health and hope that he would creditably carry forward the idea of His Excellency President Kim Il-song in the future, too."

Head of the delegation of the October 8 Revolutionary Movement of Brazil Sergio Rubens, deputy secretary general of its Central Committee, wrote that the Korean people and the world people will more vigorously turn out in the struggle to build a new world of humankind.

Kenichi Ogami, secretary general of the International Institute of the chuche idea, wrote that the great Comrade Kim Chong-il made sure that the respected President Kim Il-song may be held in highest esteem forever and always be with them.

Head of the delegation of the Rural Workers Movement of Brazil Joao Pedro Stedile, its general secretary, wrote that the struggle and life of the great Comrade Kim Il-song and the paragon of his love for the people are a guideline of the struggle for the socialist cause for all of them.

Choe Hong-hui, president of the international Taekwondo Federation, stressed that President Kim Il-song is immortal.

Choe said he would devote himself to accomplishing the high intention of the generalissimo.

Chon Sun-yong, chairperson of the Canadian headquarters of the National Alliance for the Country's Reunification, wrote that the overseas Koreans firmly vow to put their heart and soul into their work of holding the great General Kim Chong-il in high esteem, a brilliant commander produced by heaven.

#### DPRK: Pak Song-Chol Meets U.K., Jordanian Party Delegations

SK1602051296 Pyongyang KCNA in English  
0427 GMT 16 Feb 96

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Vice-president Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, met and had friendly talk respectively with Eric Trevett, general secretary of the Central Committee of the New Communist Party of Great Britain, and the delegation of the National Assembly Party of Jordan led by its Deputy General Secretary Wadie A. Al-Sayegh at the Mansudae Assembly Hall on Feb. 15.

General Secretary Eric Trevett said that although the imperialists tried to bring the Korean people to their feet by a military means, the great leader Comrade Kim Chong-il countered it with his matchless courage.

Hoping that the socialism of Korea would certainly win, he stressed that his party would always extend eternal solidarity to the Workers' Party of Korea.

Head of the delegation Wadie A. Al-Sayegh said that the Korean people, who hold the great leader in high esteem, have gained great success in the socialist construction by vigorously advancing under the uplifted banner of the chuche idea.

#### DPRK: Yi Chong-ok Meets Cambodian Party Delegations

SK1602051096 Pyongyang KCNA in English  
0425 GMT 16 Feb 96

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Yi Chong-ok, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and vice-president of the DPRK, met and had friendly conversations at the Mansudae Assembly Hall on Thursday respectively with a delegation of the Cambodian People's Party led by Nguon Nhel, member of the Standing Commission of its Central Committee, and a delegation of the Funcinpec [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia Party] Party of Cambodia headed by Omrasady, director of the External Relations and Information Department of the party and chairman of the Foreign Affairs, International Cooperation and Information Committee of the National Assembly of Cambodia.

Nguon Nhel said on the occasion that during his stay in Korea he has come to know well about the revolutionary exploits performed by his excellency the great leader Generalissimo Kim Il-song. "We fully support the just

cause of the Korean people in their struggle for the peaceful reunification of the country," he added.

Omrasady said they will always keep in mind the support and encouragement extended by the respected President Kim Il-song and his excellency the great Kim Chong-il to the Cambodian people's struggle.

"His excellency the great Kim Chong-il is wisely guiding the Korean people with his distinguished strategy and outstanding leadership," he said, and stressed:

"His Excellency Kim Chong-il is deeply respected and praised by the Korean people and the world's progressive people for his great achievements performed for the Korean revolution and the human cause of independence."

He wholeheartedly wished the great leader Comrade Kim Chong-il a long life in good health on his birthday.

**DPRK: International Conference on Peace in NE Asia Held in Macao**

*SK1802065396 Pyongyang KCNA in English  
0638 GMT 18 Feb 96*

[ "International Conference on Solidarity for Peace in Northeast Asia" ]

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — An international conference on solidarity for peace in Northeast Asia was held in Macao.

A "Statement of the International Conference on Solidarity for Peace in Northeast Asia" was adopted at the conference.

The statement emphasized that a new peace-keeping mechanism should be established so as to remove danger of war in the Korean peninsula

The reasonable way for early reunification of Korea is to achieve great unity of the nation on the principle of promoting co-existence, co-prosperity and common interest with neither side conquering the other, it noted, and continued:

"All the legal, physical and institutional obstacles to peaceful reunification of the Korean Peninsula should be removed.

"All the countries responsible for the separation of Korea must make political activities to contribute to the peaceful reunification of Korean Peninsula."

A "Commuique of the International Conference on Solidarity for Peace in Northeast Asia" was made public at the conference.

**DPRK: UN Official Interviewed on Food Shortage, Aid**

*OW1902122296 Tokyo ASAHI SHIMBUN  
in Japanese 14 Feb 96 Evening Edition p 2*

[FBIS Translated Text] Last summer, the DPRK (North Korea) suffered from a serious flood, but DPRK officials have informed UN organs that there is no need to request food aid, and attention is now centered on their true intentions. Director Page [name as transliterated] of the Pyongyang office of the UN World Food Program (WFP), who is 53 years old and from Great Britain, granted an interview to an ASAHI SHIMBUN reporter by overseas phone call on 13 February. Director Page stated: "The North Korean Government still desires that international organs provide as much aid as possible, and requests that the WFP stay in Pyongyang." In this way, he clearly denied any change in North Korea's policy.

According to Mr. Page, North Korea's Vice Foreign Minister Choi Su-hon indicated his dissatisfaction to the representatives of aid organs in Pyongyang on 2 February and said: "We have requested that the United Nations provide us aid in the amount of \$15 million, but we have merely received aid in the amount of \$5 million." Then he added: "The second request for aid should be made after the United Nations has attained this target. It is not proper to make any request at this time." When North Korea called on the international community for aid last fall, Vice Minister Choi explained that some government officials, including the military, opposed the plan to make this request. Reportedly, he has not said that "aid from foreign countries is no longer necessary."

When asked whether there is any possibility that part of the aid rice will be supplied to the Army, Director Page denied such a possibility and said: "Our staff members have been doing a good job in managing the WFP aid." Noting that North Korea's crops reached a total of approximately four million tons last year, the director said: "There is a shortage of approximately two million tons when the total demand is taken into consideration."

Saying that "he has been making an inspection tour of various localities freely," Director Page said he visited such places as Pyongan and Hwanghae Provinces located on the border with China. Though none have died of starvation, many people, mostly children, have died of such diseases as bronchus, pneumonia, or influenza because many people have lost their power of resistance as a result of malnutrition. Moreover, he said that during his visit to schools in Haeju city in South Hwanghae Province in early February, about 20

percent of children were absent from school because of illness.

Pointing out a shortage of fuel in this severely cold winter, Director Page said: "Coalmines have been damaged by the flood, and it has affected coal output." Normally, the winter vacation ends in mid-January but due to the fuel shortage, the vacation has been extended till the end of January. Moreover, it is reported that North Korea also lacks building materials such as metal goods and electric wires, as well as medical and clothing materials.

**DPRK: Over 30 Companies Invest in  
Najin-Sonbong Economic Zone**

*SK2102110996 Pyongyang KCNA in English  
0907 GMT 21 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 21 (KCNA) — An increasing number of foreign companies invest in the Najin-Sonbong free economic and trade zone, which is called a "golden triangle," in the Democratic People's Republic of Korea.

More than 30 companies of many countries, including the United States, Britain, The Netherlands and Thailand, set up equity or contractual joint ventures or solely-funded enterprises to invest in the construction of the infrastructure such as road, airport, seaport and communications.

The total investment amounts to hundreds of millions of U.S. dollars.

The New North East Corporation, Ltd. of Hong Kong has invested in the building of Sonbong International Airport and Najin heliport.

The construction of the heliport is progressing apace.

With a view to building communications networks the Loxly Public Company, Ltd., Thailand, inspected the sites and confirmed a project involving five hundred million U.S. dollars.

Danish, Finnish and Chinese companies made on-the-spot surveys before expressing willingness to invest in the building of mobile telephone networks.

U.S., Hong Kong and Japanese companies decided to invest in the building of road, port, oil refinery and thermal power plant.

A road project is in full swing with the help of 6.5 million U.S. dollars from the Hong Kong daisn.

The company decided to build a storehouse with a capacity of 100,000 tons of cement in Najin port.

Some companies from Taiwan are making efforts to invest in a plan to reconstruct Najin port, which is called

a "golden port," on an expansion basis so that the annual freight transit capacity will increase to 2 hundred million tons. It is now three million tons.

The Yanbian Maritime Transport Company of China, which is good at transit transportation, is pushing ahead with the work to establish a Najin-Niigata sea lane as well as with the work to replace the existing Yanbian-Najin-Pusan freight container liner with a 12,000 ton class ship from late February.

With a view to investing one hundred million U.S. dollars in the building of a mill capable of processing one million cubic metres of timber a year, the Marphy Overseas Ltd. of the United States decided to dredge the seabed as deep as about 14 metres off Uungsang port.

Some companies are actively investing in the third industry. A company from Hong Kong decided to invest 2.5 million U.S. dollars in operating the Najin international hotel in the form of joint venture. It is stepping up the project in the final stage so that the hotel will be opened in early April.

Some companies, including the Hunchun Koryo Stock-farming Development Company Ltd. of China, are actively investing in the projects of restaurant, taxi and other services.

Hong Kong companies plan to launch into extensive tourism by hotel ships.

Financial circles of the world are particularly interested in the zone.

The Hong Kong Peregrine Bank and the Daesong Bank decided to invest in the development of the zone in the form of joint venture. Netherlandish, Taiwanese and other banks are making efforts for joint venture with the "bank of the golden triangle".

U.S., Japanese, British and other companies proposed joint venture in refreshing drink, shoe-making, garment and sugar industries.

**DPRK: Kim Chong-il Visits KPA Unit 20 Feb**

*SK2002234596 Pyongyang Korean Central  
Broadcasting Network in Korean  
2100 GMT 20 Feb 96*

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], visited the 963d Unit of the KPA on the occasion of the Lunar New Year holiday. Comrade Kim Chong-il, chairman of the DPRK National Defense Committee, supreme commander of the KPA, and the great leader [widaehan yongdoja] of our party and people, visited a servicewomen's company of the KPA

963d Unit on 20 February on the occasion of the Lunar New Year.

Revolutionary and militant slogans, such as "Long Live the Respected and Beloved Supreme Commander Comrade Kim Chong-il!" and "Let Us Death-Defyingly Protect the Revolutionary Brains Headed by the Great Comrade Kim Chong-il [widaehan kimjongil tongjirul subanuro hanun hyongmyongui sunoedul]," were hung at the unit, which was filled with the fervent loyalty and militant traits of the People's Army soldiers who are reliably defending sentry posts of the fatherland.

Comrade Kim Chong-il, supreme commander of the KPA, arrived at the unit at 1630 [0730 GMT]. The respected and beloved comrade supreme commander was received on the spot by Comrade Yi Ul-sol, marshal of the KPA; Comrade Cho Myong-nok, vice marshal of the KPA and director of the KPA General Political Bureau; Comrade Kim Kwang-chin, vice marshal of the KPA and first vice minister of the People's Armed Forces; Comrade Yi Ha-il, vice marshal of the KPA; and KPA officers and men, as well as commanders of the unit.

Amid the storms of hearty hurrahs from the sentry posts on the uplands, soldiers handed over a fragrant bouquet to Comrade Kim Chong-il representing the boundless respect and admiration of all officers and men of the People's Army. Being escorted by the commanding officer of the unit, Comrade Kim Chong-il walked along a narrow path overgrown with trees and visited the sentry posts with meaningful historical relics where the great leader [widaehan suryong] Comrade Kim Il-song visited on 13 March 1966. He recollected with deep emotion undying stories of those unforgettable historic days and watched the company's firing exercises.

Comrade Kim Chong-il expressed his great satisfaction with the fact that the servicewomen of the company have constantly strengthened their combat training while upholding the on-the-spot teachings of the great leader [widaehan suryongnim] and have grown up as one-is-a-match-for-100 ranks capable of defeating any attack by the enemy at one blow. He then presented programmatic tasks that will serve as guidelines for further strengthening and developing the People's Army as invincible revolutionary armed forces.

Next, Comrade Kim Chong-il dropped in on the cafeteria, bedrooms, recreation rooms, and hothouses of the company and grasped the actual conditions of the soldiers' living. Expressing his great satisfaction at the frugal preparation of rear facilities and the excellent condition of food supplies, Comrade Kim Chong-il noted: The entire Army should model itself after this company,

which is properly managing the unit by following the anti-Japanese guerilla unit.

Comrade Kim Chong-il, along with accompanying cadres, also watched performances by the service-women company's art circle, various art performances, including the song with a poem "We Will Live While Upholding the Leader [suryongnim] Forever in Our Hearts," the narrative with chorus "We Have Waited," the dialogue poem "General and Fighters," and the song with instrumental music "Musical Instruments of Love Are Ringing" holding aloft the revolutionary will, militant trait, and stout and optimistic military lives of the one-is-a-match-for-100 soldiers who are resolutely protecting and defending the chuche revolutionary cause, the socialist cause, with arms.

Comrade Kim Chong-il praised the company soldiers' high level of culture and art and highly assessed the feats of the soldiers who are dedicating their worthwhile youth to the safety and prosperity of the fatherland and people.

Comrade Kim Chong-il gave automatic rifles and pairs of field glasses to the company as souvenirs. Supreme Commander Comrade Kim Chong-il posed for pictures with the soldiers of the company that day.

All the soldiers of the company were overwhelmed with great happiness and gratitude for respected and beloved Supreme Commander Comrade Kim Chong-il, who visited the windy sentry posts on the uplands to personally see their training and extend boundlessly warm love and consideration to them. They were filled with the firm resolution to death-defyingly defend the fatherland's frontier by thoroughly implementing the militant tasks presented by the great general.

#### DPRK: Kim Chong-il Thanks Ministry for Helping Orphans

SK1902030596 Pyongyang Korean Central Broadcasting Network in Korean  
2100 GMT 16 Feb 96

[FBIS Translated Text] The great leader of our party and people Comrade Kim Chong-il sent thanks to the functionaries and all the employees of the Ministry of Marine Transportation who have devotedly looked after the bereaved children of the Nampo Revolutionary School.

The functionaries and employees of the Ministry of Marine Transportation who are vigorously carrying out the transport revolution upholding the militant task set forth in the joint editorial of the organs of the party, the Army, and youth are warmly looking after the bereaved children with flesh and blood feelings of cherishing deep

in their hearts the lofty will of the respected and beloved general, who is leading the revolution and construction along the ever-victorious road, bringing forth epochal upturns with his sublime morality and fidelity toward the forerunners of the revolution.

Greeting the February holiday, the greatest festive event of the nation, they visited the Nampo Revolutionary School and displayed the beautiful communist virtue of presenting the bereaved children with 10 types of cultural goods, which they had sincerely prepared.

The respected and beloved general received a report on their beautiful deeds of showing an example in looking after the children of the martyrs, who parted from us after registering exploits on the road of the revolution, and showed them great love and trust by sending them a significant personal letter stating, "I thank all the comrades of the Ministry of Marine Transportation."

A meeting to convey the thanks sent by the Great Leader Comrade Kim Chong-il was held on the spot on 16 February. Present at the meeting were Comrade Han Song-yong, member of the Political Bureau and secretary of the Workers Party of Korea Central Committee, functionaries of the relevant sector, and employees of the Ministry of Marine Transportation.

At the meeting, Comrade Han Song-yong conveyed the thanks sent by the Great Leader Comrade Kim Chong-il to the functionaries and all the employees of the Ministry of Marine Transportation. This was then followed by the speeches of resolution by Na Tong-ki, chief of staff of the Ministry of Marine Transportation; Cho Song-chol, deputy director of a department of the party committee; and Pae Yong-sop, deputy director of the Joint General Bureau of Marine Transportation. A letter of resolutions was adopted at the meeting.

#### **DPRK: Hwang Chang-yop Speaks at WPK Party for Nepalese Delegation**

*SK1702050196 Pyongyang KCNA in English  
0326 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] hosted a party on February 16 for the delegation of the Nepal Communist Party (United Marxism-Leninism).

Hwang Chang-yop, secretary of the WPK Central Committee, made a speech at the party.

He said that the Nepal Communist Party (United Marxism-Leninism) has striven for the political rights of the working masses and their vital interests, invariably defending the banner of socialism.

"We extend full support and solidarity to this just cause," Hwang Chang-yop noted, and said:

"It is the invariable stand of our party to continue to strengthen and develop the bonds of friendship, unity and solidarity with your party which is advancing under the uplifted banner of anti-imperialism, independence and socialism."

"We will make every possible effort to keep closer friendly and cooperative relations between the two parties, two countries and two peoples in the future, too."

Head of the delegation Madhav Kumar Nepal, general secretary of the Central Committee of the Nepal Communist Party (United Marxism- Leninism), spoke next.

He said that the Korean people are guided by Comrade Kim Chong-il, the great leader, who fully personifies the chuche idea and work method of the great leader Comrade Kim Il-song.

"We are convinced that Comrade Kim Chong-il will register greater successes by wisely leading the socialist revolution and construction in Korea," he noted.

He further said:

"We have great confidence as there is Comrade Kim Chong-il who is leading the people fighting for socialism and communism.

"We hope that the friendly relations between the peoples of Nepal and Korea will expand and develop still further.

"We will hold the great Comrade Kim Chong-il in high esteem and follow his leadership in the future."

The speaker warmly congratulated Comrade Kim Chong-il on his 54th birthday.

#### **DPRK: Kim Pyong-sik, Choe Kwang, Others at Artistic Performance**

*SK1902054096 Pyongyang Korean Central Broadcasting Network in Korean  
2200 GMT 16 Feb 96*

[FBIS Translated Text] On the occasion of the February holiday, the greatest festive event of the nation, a performance of the February commemorative show titled "For the General, for the Country" was given by the artists of the Mansudae Art Troupe at the Tongpyongyang Grand Theater on 16 February.

Seeing the performance were Vice President Kim Pyong-sik, Comrade Choe Kwang, Comrade Kye Ung-tae, Comrade Chon Pyong-ho, Comrade Kim Chol-man, Comrade Choe Yong-nim, Comrade Yang Hyong-sop,

Comrade Kim Yong-sun, Comrade Kim Kwang-chin, Comrade Yi Ha-il, Comrade Kim Ik-hyon, Comrade Kim Ki-nam, Comrade Kim Kuk-tae, Comrade Kim Pok-sin, Comrade Kim Yun-hyok, Comrade Chang Chol, Comrade Yun Ki-pok, Comrade Chon Mun-sop, Mr. Yu Mi-yong, members and alternate members of the Workers Party of Korea Central Committee in Pyongyang, deputies to the Supreme People's Assembly, responsible functionaries of the administrative and economic organizations of the party and the government, responsible functionaries of the central organizations of public organizations, anti-Japanese revolutionary fighters, general-grade officers and soldiers of the Korean People's Army, public security officials, functionaries of scientific, educational, cultural, art, public health, and publication and reporting sectors, meritorious persons, three revolutions standard-bearers, and working people in Pyongyang.

Also seeing the performance were Choe Hong-hwi, president of the International Taekwondo League, and members of the overseas compatriots' delegations who are visiting the socialist fatherland.

The performance won great admiration from the audience because of its high ideological and artistic quality.

#### **DPRK: Scientists, Technicians Shock Brigades' Achievements Noted**

*SK1702091196 Pyongyang KCNA in English  
0844 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The February 17 shock brigades of scientists and technicians active in industrial establishments throughout Korea have steadily increased their achievements in scientific researches.

They began their activities from some 20 years ago.

The great leader Comrade Kim Chong-il initiated the formation of the shock brigades and dispatched the first shock brigade to the Komdok mining complex in the mid-1970s.

Later, he clarified the principles of their dispatch and their activities, established their working and commanding systems and gave teachings on more than 200 occasions to indicate how to introduce in production and construction the achievements in scientific and technical researches.

In the past the shock brigades dispatched to different parts of the country have completed their researches into scientific and technical problems such as massproduction of precision alloy steel and trace alloy steel, development of 300 odd kinds of micro- and high-performance electronic elements and numerical control

devices and heat treatment by laser rays. In this way they have made a great contribution to the chuch'e-orientation, modernization and scientization of the national economy.

In recent years they have made researches into over 700 scientific and technical problems including a new method of coal mining and a rice harvesting combine and applied their achievements to production.

#### **DPRK Reports on Development of Machine Industry**

*SK2002100496 Pyongyang KCNA in English  
0916 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — It is 25 years since the great leader President Kim Il-song called on the working class of Huichon and lighted the torch of new technical innovation. Korea observes this day (Feb. 20) as the Day of Machine.

Working people in the machine industry are greeting their holiday with achievements.

Recently, the Yongsong Associated Machinery Bureau manufactured a 4,000 hp high-pressure compressor and a new-type modern 100 cubic metre screw compressor.

The 100 cubic metre screw compressor is half the weight of the piston compressor that has been available. Its installation area is only one third of that of the piston compressor. Its norm of electric consumption is 17 percent lower than the latter's.

The Taean Heavy Machine Complex manufactured a 45 degree iron-core transformer and the Sungri General Motor Works and the Kum Song General Tractor Works assembled new-type lorries and tractors.

Many factories and enterprises, including the Nanam Coal Mining Machine Complex, are effecting innovation every day in production of ordered equipment for more than 10 projects.

President Kim Il-song considered the machine industry to be the core of heavy industry as well as the basis of technical progress and brightly indicated how to develop the machine industry at each stage and each period of the revolution.

In the thick of the rigorous fatherland liberation war (June 1950-July 1953), the president unfolded a grandiose blueprint for the development of machine industry and called back technicians from the front to set a sound ground of machine industry.

After the war, he put forward the slogan "Iron and machine are the king of industry!" and energetically

guided the work to found the machine industry on modern lines and strengthen it.

He gave on-the-spot guidance incessantly to many machine factories including those in Huichon, Taean, Yongsong and Nakwon.

He initiated the machine-tool multiplying movement on two occasions to make a turning point in improving the technical equipment of the nation's economy.

Thanks to his wise leadership, Korea's machine industry, which started from scratch after the liberation (August 1945), has reshaped its look.

Now, Korea's machine industry produces sets of up-to-date equipment for chemical, cement and machine factories as well as a 10,000 ton press, 18,000 cubic metre oxygeon plant, 125,000 kw hydro-power generator, 50,000 kw thermal-power turbine, 210-ton boiler and other large-capacity power equipment, 5,450 hp compressor, large vessel, large lorry, numerical control machine tool and 8-axle electric locomotive with its own designs, technologies and materials.

The self-sufficiency rate of machines and equipment reached 98 percent in 1990.

#### **DPRK: Art Performances Given on Kim Chong-il's Birthday**

*SK1602102496 Pyongyang KCNA in English  
0951 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Art performances celebrating the birthday of the great leader Comrade Kim Chong-il are given at theatres in the capital city and local areas of Korea from February 14.

The artistes of the Mansudae Art Troupe are giving an art performance "For the General and Homeland" at the East Pyongyang Grand Theatre and those of the Pibada Opera Troupe a revolutionary opera "Sea of Love" at the Pyongyang Grand Theatre.

The artistes of the State National Art Troupe and the Song and Dance Ensemble of the Ministry of Public Security are also giving art performances at the Pyongyang Theatre and the Ponghwa Art Theatre.

Art performances of artistes of the National Symphony Orchestra and Yun I-sang Orchestra and winners of the February 16 Art Prize are going on at the Moranbong Theatre and the Yun I-sang Concert Hall and light comedies showing the happy and optimistic life of the Korean people at the State Drama Theatre and the 1,100-seat theatre of the April 25 House of Culture.

Acrobatic shows are given at acrobatic theatres in Pyongyang.

Meanwhile, art performances celebrating February 16 are going on at the Hamhung Grand Theatre and other theatres in local areas.

#### **DPRK Embassy in PRC Hosts Kim Chong-il Birthday Reception**

*SK2002111596 Pyongyang Korean Central Broadcasting Network in Korean  
0600 GMT 17 Feb 96*

[FBIS Translated Text] The DPRK Embassy in the PRC hosted a reception on the evening of 15 February to celebrate the 54th birthday of the great leader of our party and people Comrade Kim Chong-il.

Hung in the front of the meeting place were a portrait of the great leader Comrade Kim Il-song and a portrait of the great leader Comrade Kim Chong-il.

Invited to the reception were Ding Guangen, member of the Political Bureau and member of the Secretariat of the CPC Central Committee; Li Shuzheng, head of the International Liaison Department of the CPC Central Committee; Dai Bingguo, deputy head of the International Liaison Department of the CPC Central Committee; Wang Yingfan, vice foreign minister; Zhang Gong, political commissar of the Chinese Academy of Military Sciences; Zhang Faqiang, vice minister of the State Physical Culture and Sports Commission; Xu Wenbo, vice minister of culture; (Zhu Chunlin), director of the Political Department of the Ministry of Public Security; Xu Qun, vice president of the Chinese People's Association for Friendship With Foreign Countries; and other functionaries from relevant sectors. (Song Pong-hwan), DPRK charge d'affaires ad interim to the PRC, and functionaries of the embassy were present at the reception.

Charge d'Affaires ad Interim (Song Pong-hwan) and Ding Guangen, member of the Secretariat of the CPC Central Committee, made speeches.

In his speech, Ding Guangen said that 16 February marked the 54th birthday of Comrade Kim Chong-il, the great leader of the Korean people, the chairman of the DPRK National Defense Commission, and the supreme commander of the Korean People's Army. It also marked the greatest holiday of the Korean people. He said that on this festive day, on behalf of the CPC Central Committee and all Chinese comrades present at the reception, he warmly and sincerely congratulates the respected Comrade Kim Chong-il, the Central Committee of the Workers Party of Korea [WPK], and all Koreans.

Ding Guangen continued: Comrade Kim Chong-il led the work of the party and state of Korea for a long time,

always with President Kim Il-song. Since President Kim Il-song passed away, Comrade Kim Chong-il has been continuously, vigorously, and indefatigably leading all Koreans along the road of socialism, uniting the Korean people firmly around the WPK and upholding the behests of President Kim Il-song. We are truly pleased at all the successes achieved by the WPK and the Korean people, and sincerely wish the WPK and the Korean people continuous new successes under the leadership of Comrade Kim Chong-il in the acceleration of the socialist cause, in the sacred cause of achieving the independent and peaceful reunification of the country, and in defending peace and stability on the Korean peninsula and in the world.

He said the PRC-Korea friendship has taken root deep in the hearts of the peoples of the PRC and Korea and has strong vitality. He stressed that Comrade Kim Chong-il consistently treasures the traditional friendship between the PRC and Korea, gives deep attention to it, and has made important contributions to strengthening and developing this friendship.

He said the CPC Central Committee headed by Comrade Jiang Zemin highly treasures the traditional friendship between the two parties, the two countries, and the two peoples of the PRC and Korea, and that defending and strengthening the PRC-Korea friendship and solidifying and developing Sino-Korean friendly and cooperative relations not only conforms to the fundamental interests of the two parties and two peoples of the PRC and Korea, but is advantageous to defending peace and security on the Korean peninsula, in Northeast Asia, and in the world.

He added that the party and people of the PRC will make steady efforts to firmly defend and strengthen the traditional friendship between the PRC and Korea, and wished the great leader of the Korean people Comrade Kim Chong-il long life and good health.

The participants at the reception wished the great leader Comrade Kim Il-song eternal life and toasted the traditional friendship and unity between the peoples of Korea and the PRC, the long life and good health of great leader Comrade Kim Chong-il, and the long life and good health of the leaders of the Chinese party and government, including the respected Comrades Deng Xiaoping and Jiang Zemin.

**DPRK: Exhibit by DPRK Embassy in PRC Marks Kim Chong-il Birthday**

*SK1802062496 Pyongyang Korean Central Broadcasting Network in Korean  
2215 GMT 15 Feb 96*

[FBIS Translated Text] A film show and photo exhibition were held at the DPRK Embassy in the PRC from 1-9 February on the occasion of the Great Leader [yongdoja] Comrade Kim Chong-il's birthday.

Photos showing revolutionary activities of the Great Leader [suryong] Comrade Kim Il-song and the Great Leader [yongdoja] Comrade Kim Chong-il and events celebrating the 50th anniversary of the founding of the Workers Party of Korea [WPK] were exhibited.

The head of the International Liaison Department of the CPC Central Committee; the deputy director of the General Political Department of the PRC People's Liberation Army; functionaries of the Defense Ministry; and functionaries from the education, foreign trade, and tourism sectors participated in the events.

The participants looked over the photos that were exhibited and watched the DPRK film "The 50th Anniversary of the WPK Founding."

After watching the film, the deputy director of the General Political Department of the PRC People's Liberation Army said as follows:

We warmly congratulate the 54th birthday of Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA]. His birthday is a happy day not only for the Korean people and the People's Army, but also for the Chinese people and the People's Liberation Army. The Korean people and the People's Army are achieving new results in socialist construction and in the struggle to defend the country's sovereign rights and security under Comrade Kim Chong-il's leadership. The film showed high ideological traits in which the Korean people and the People's Army are single-heartedly united around the Great General Kim Chong-il. Through the film, we came to know very well how much the Korean people and the soldiers of the People's Army respect and admire the great leader [suryong] and the great leader [yongdoja].

The chairman of the China (Hwaryon) International Trading Corporation said as follows:

Through the film, I saw the spirit of the Korean people, who are firmly united around Comrade Kim Chong-il. In particular, during the scene of the parade, I saw the invincible might of the KPA. I deeply feel the greatness of both the respected and beloved [kyongae-hun] President Kim Il-song and the respected [chongy-

onghanun] Comrade Kim Chong-il. The respected and beloved President Kim Il-song is eternal due to his great achievements. We truly hope that the Korean people will achieve greater results in socialist construction under Comrade Kim Chong-il's leadership.

**DPRK Dailies on Birthday Celebrations for Kim Chong-il**

*SK1602103196 Pyongyang KCNA in English  
0958 GMT 16 Feb 96*

["Papers Here Celebrate Comrade Kim Chong-il's Birthday" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — Today is a significant day marking the 54th birthday of the great leader Comrade Kim Chong-il.

On this occasion papers here edit special write-ups.

NODONG SINMUN carries an editorial titled "Let Us Accomplish Our Party's Cause With Confidence in Sure Victory" and MINJU CHOSON an editorial titled "Let Us Demonstrate the Spirit of Socialist Korea, Rallied Behind the Great Leader Comrade Kim Chong-il In One Mind".

Under the fixed title "They Always Worked Together for the People" NODONG SINMUN carries an article headlined "People Keep in Mind the Image Which Will Be Everlasting Along With the Country" together with a souvenir picture of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il (February 1982).

Papers report that Comrade Kim Chong-il sent educational aid fund and stipends to Korean children in Japan.

It is reported in the press that Comrade Kim Chong-il received floral baskets, gifts and congratulatory letters from foreign diplomatic envoys and embassies and the economic and commercial councillors' corps in Korea, congratulatory letters and gifts from the first secretary of the Central Committee of the Ukrainian Communist Party, the general secretary of the Central Committee of the New Communist Party of Great Britain and the general secretary of the National Executive Committee of the Left Revolutionary Union of Peru and a floral basket from the general secretary of the International Institute of the Chuche Idea.

Given in the press is news that Comrade Kim Chong-il received congratulatory messages from the Central Committee of the National Democratic Front of South Korea (NDFSK) and the Central Standing Committee of the General Federation of Korean Residents in Japan and a congratulatory message and a letter from

the chairmen of the International Korean Association (Unity) and the General Association of Korean Citizens in China.

The papers carry an account of a national meeting celebrating Comrade Kim Chong-il's birthday and a report by Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea [WPK], at the meeting.

Papers inform the readers that the WPK Central Committee hosted a banquet for foreign delegations and foreigners and that a festive evening was held by the Ministry of the People's Armed Forces and a performance celebrating February 16 was given.

Under the titles "Comrade Kim Chong-il Is the Outstanding Leader of the International Communist Movement" and "Comrade Kim Chong-il Is the Outstanding Leader Who Will Lead the Cause of Independence in the 21st Century" papers edit news that the February holiday was celebrated in different countries.

**DPRK: Pak Song-chol, Others Attend Children's Union Meeting**

*SK1602133796 Pyongyang Korean Central Broadcasting Network in Korean  
0500 GMT 16 Feb 96*

[FBIS Translated Excerpt] We are going to air recorded coverage of the national meeting of the Korean Children's Union, which was grandiosely held at the Pyongyang Indoor Stadium on the morning of 16 February to celebrate the 54th birthday of the respected and beloved father General Kim Chong-il [kyongaehanun aboji kimjongil changgunnim].

[Begin recording] Thus is the Pyongyang Indoor Stadium. [passage omitted]

The meeting was attended by delegates from the Children's Union of each province as well as 15,000 students and children from Pyongyang. It was also attended by heroes, war veterans, scientists, artists, sportsmen, functionaries of the press and publication sector, functionaries of the education sector, functionaries of the youth league, and parents of the students.

Present at the meeting were Comrade Pak Song-chol, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice president; Comrade Choe Tae-pok, alternate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Cho Myong-nok and Paek Hak-nim, vice marshals of the Korean People's Army; Choe Yong-har, first secretary

of the Kim Il-song Socialist Youth League Central Committee; Kang Hyon-su, responsible secretary of the Pyongyang municipal party committee and chairman of the Pyongyang People's Committee; other functionaries from sectors concerned; anti-Japanese revolutionary fighters; renowned scientists, artists, and sportsmen; and exemplary members of the Children's Union. [passage omitted]

**DPRK: Vice Presidents, Foreign Delegations View Gymnastic Display**

*SK1602105096 Pyongyang KCNA in English  
1024 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — 10,000 schoolchildren in Pyongyang performed the mass gymnastic display "We Will Defend the Red Flag Under the Leadership of the General" at the Pyongyang Indoor Stadium today, the birthday of the great leader Comrade Kim Chong-il.

Seeing the performance with Pyongyang people were Vice Presidents Yi Chong-ok, Pak Song-chol and Kim Pyong-sik and other senior party and state officials.

The performance was also seen by the visiting foreign party delegations, diplomatic envoys here, foreign guests and overseas Koreans.

The mass gymnastic display showed well the unshakable faith and belief of the Korean people that as they are guided by Comrade Kim Chong-il, who has fully demonstrated the dignity and might of Korea, the homeland of chuche, to the world by guiding the party, the state and the Revolutionary Armed Forces and wisely leading the revolution and construction, the great leader President Kim Il-song enjoys immortality as the sun of chuche and will always be with them.

It also fully showed their revolutionary spirit and will to accomplish the revolutionary cause of chuche through generations under the wise leadership of Comrade Kim Chong-il by further consolidating the three positions of Korean socialism — politico-ideological, economic and military positions — to be unconquerable fortresses, holding the red flag of the revolution aloft.

**DPRK: Pak Song-chol at Loyalty-Pledge Meeting of Young Vanguards**

*SK1602104796 Pyongyang KCNA in English  
1017 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — The Korean young people pledged themselves to become young vanguards boundlessly loyal to the great leader Comrade Kim Chong-il.

A meeting of young vanguards to pledge loyalty to Comrade Kim Chong-il was held at the May Day Stadium on his birthday. It was attended by over 150,000 young people and students.

The flags bearing portraits of the great leaders President Kim Il-song and Comrade Kim Chong-il were carried into the stadium.

The young people and students displayed their firm pledge, loudly shouting slogans such as "singlehearted unity", "young vanguard" and "rifles and bombs".

A report of first secretary of the Central Committee of the Kim Il-song Socialist Youth League Choe Yong-hae was followed by speeches of young people of various strata.

Reporter and speakers said that Comrade Kim Chong-il has put forward the young people as valuable flowers of the country and the nation, a most vital unit of society, reserve and detached combat force of the supreme commander and led them so as to always work and live full of revolutionary optimism.

They noted that they would more firmly unite in one mind around Comrade Kim Chong-il and accomplish the revolutionary cause of chuche under the sacred youth flag and the revolutionary torch with the pride an honour of being the first members of the Kim Il-song Socialist Youth League.

They stressed that they would become 8 million rifles and bombs and 16 million handgrenades to defend Comrade Kim Chong-il with lives in the van.

A pledge to Comrade Kim Chong-il was adopted at the meeting.

Present at the meeting were Vice President Pak Song-chol and other senior party and state officials.

**DPRK: Korean Children's Union Holds Joint Meeting 16 Feb**

*SK1602104696 Pyongyang KCNA in English  
1003 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — A national joint meeting of the organizations of the Korean Children's Union celebrating the birthday of the respected father General Kim Chong-il was held today at the Pyongyang Indoor Stadium.

The meeting was attended by some 15,000 representatives of the children's union from all provinces, school children in Pyongyang, educators, officials of the Kim Il-song Socialist Youth League, heroes, men of meritorious services, servicemen of the Korean People's Army and parents of school children.

Present there were Pak Song-chol, member of the Political Bureau of the C.C. [Central Committee], the Workers' Party of Korea and vice-president, and other senior party and state officials.

A ceremony of the children's union took place before the meeting.

The flag bearing a portrait of the great leader President Kim Il-song and the flag bearing a portrait of the great leader Comrade Kim Chong-il were carried into the hall.

Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth League, said in his report at the meeting:

"Today the members of the children's union are faced with the honourable task to carry to accomplishment through generations the revolutionary cause of chuché, following the respected general under the slogan 'Always be prepared for the respected General Kim Chong-il'."

"Cherishing deeply in minds that the respected General Kim Chong-il is our heaven and destiny, the members of the children's union should become loyal and filial sons and daughters who believe and follow only the general, the father, to the end like the sunflower."

A ceremony for admitting children to the Korean Children's Union was held.

The children to be admitted made an oath at the call of an anti-Japanese revolutionary fighter. Senior officials of the party and the state and anti-Japanese revolutionary fighters, heroes and men of meritorious services, servicemen of the Korean People's Army tied red neckerchiefs around their necks and pinned badges of children's union on their chests.

#### **DPRK: Italian Delegation Conveys Gift to Kim Chong-il**

*SK1602050896 Pyongyang KCNA in English  
0419 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the Struggle for Peace and Socialism of Italy on his birthday.

It was handed to an official concerned by Luigi Di Cesare, member of SPSI secretariat, on a visit to Korea.

#### **DPRK: Kim Chong-il Receives Gift From U.K. Party Delegation**

*SK1602050696 Pyongyang KCNA in English  
0421 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — The great leader Comrade Kim Chong-il

received a gift from general secretary of the Central Committee of the New Communist Party of Great Britain Eric Trevett on a visit to Korea on his birthday.

The general secretary handed it to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea.

#### **DPRK: Kim Chong-il Receives Gift From BPL President**

*SK1602050796 Pyongyang KCNA in English  
0418 GMT 16 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 16 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the president of the Bangladesh People's League (BPL) on his birthday. It was handed to Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea, by BPL President Garib Newaz who is on a visit to Korea.

#### **DPRK: Embassy in Russia Hosts Banquet on Kim Chong-il's Birthday**

*SK2002140596 Pyongyang Korean Central Broadcasting Network in Korean  
0600 GMT 17 Feb 96*

[Spelling of Russian names as transliterated]

[FBIS Translated Text] On 14 February, the DPRK Embassy in Russia hosted a banquet to celebrate the 54th birthday of Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people. Portraits of the great leader [widaehan suryong] Comrade Kim Il-song and the great leader [widaehan yongdoja] Comrade Kim Chong-il were placed on the stage of the banquet hall.

Invited to the banquet were Albert Chernyshev, deputy minister of the Russian Foreign Ministry; Mikhail Kuzerihev, deputy speaker of the Russian State Duma; Ivan Melikov, chairman of the State Duma's Education and Science Committee and secretary of the Communist Party of the Russian Federation Central Committee; Alibuzina Abarina, chairperson of the State Duma's Woman, Family, and Youth Committee, member of the Standing Committee of the Communist Party of the Russian Federation Central Committee, and first secretary of the Volgograd Oblast; Vladimir Ruken, chairman of the State Duma's International Affairs Committee; Aleksey Nitropanov, chairman of the Geopolitics Committee; Pono Maryev, chairman of the Russia-DPRK Friendship and Liaison Parliamentary Members Union; deputies of the State Duma; war veteran General Nikolay Riyashenko; Marshal Dmitriy Yazov, former defense minister of the Soviet Union; Viktor Chebrikov,

former member of the Political Bureau of the Communist Party Central Committee of the Soviet Union and chairman of the State Security Committee; functionaries of the Russian Defense Ministry and Foreign Economic Relations Ministry; the chairman of the Council of the Union of Communist Parties-the Communist Party of the Soviet Union; the secretary of the Central Committee of the Communist Workers Party of Russia and chairman of the Executive Committee of the Working Russia Movement; the deputy chairman of the Communist Party of the Russian Federation Central Committee; the chairman of the Liberal Democratic Party; the chairman of the (Rebirth Democratic and Patriotic Party); the chairman of the Left Party of Russia; the chairman of the Moscow Youth Chuche Idea Study Association; the first secretary of the Russian Young Communist League Central Committee; the first secretary of the All-Union Leninist Communist Youth League Central Committee; the chairman of the Association of Scholars of the Contemporary World Human Issues; the chairman of the Standing Committee of the Soviet Union People's Deputies Congress; the chairperson of the Executive Bureau of the Soviet Union Women's Congress; the first vice chairman of the Russian People's Resistance League Central Committee; the chairman of the Russian Association for Friendship and Cultural Cooperation With the DPRK; the chairman of the Federation of Overseas Koreans for Reunification; the chairman of the Federation of Koreans Residing in Russia for Reunification; the chairman of the Federation of Koreans Residing in Moscow for Reunification; the chairman of the Korean Veterans Committee in Moscow; general-grade officers of the General Staff of Russia's Ministry of the Armed Forces and military academies; functionaries of the Social and Political Institute and the Oriental Study Institute of the Russian Academy of Sciences; the deputy chairman of the Russian Peace and Today Committee; the president of the Russian Central Armed Forces Museum; the general manager of the International Science and Technology Information Center; the editor-in-chief of PRAVDA; the editor-in-chief of PATRIOT; and figures of political, social, academic, publication circles.

Ambassador Son Song-pil attended the banquet. Speeches were given. The attendees wished for the immortality of the great leader [widaehan suryong] Comrade Kim Il-song and toasted the longevity of the great leader [widaehan yongdoja] Comrade Kim Chong-il.

**DPRK: Social Scientists in Japan Mark Kim Chong-il's Birthday**

*SK1702091296 Pyongyang KCNA in English  
0840 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — A meeting of Korean social scientists in Japan was held in Tokyo on February 13 to celebrate the 54th birthday of the great leader Marshal Kim Chong-il.

Present there were Kim Su-sik, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and members of the Association of Korean Social Scientists in Japan (AKSSJ).

Chairman of AKSSJ Hyon Won-sok in his report at the meeting sincerely extended the greatest glory and warmest congratulations to the respected General Kim Chong-il, the great leader and tender-hearted father of the Korean people, on the occasion of the February holiday.

The reporter further said:

The period up to date since the Korean nation suffered the bitterest pain at the loss of their father Generalissimo Kim Il-song was a historical one during which the distinguished leadership ability of the respected General Kim Chong-il has been fully proved in practice and a most valuable one when they have deeply felt the honor of being overseas social scientists of chuche who enjoy the happiness in having great leaders through generations and when they have cherished deep in their hearts the unshakable faith that the revolutionary cause of chuche is sure to be accomplished and they would certainly win because they are guided by the respected general.

The reporter evinced their determination to more firmly establish the leadership system of the respected general within the organisation this year, the first of years when they should implement the decisions of the 17th congress of Chongnyon, and discharge their mission as those who firmly safeguard him and as standard-bearers of the propaganda of the chuche idea and his greatness.

Speeches were made there.

A message of greetings to Marshal Kim Chong-il was read out at the meeting.

**DPRK: Kim Chong-il Arranges Banquet for Overseas Koreans**

*SK1702090996 Pyongyang KCNA in English  
0850 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — A banquet arranged by the great leader Comrade Kim Chong-il for delegations and home-visiting groups of the General Association of Korean Residents in Japan [Chochongnyon] and overseas Koreans staying in the socialist homeland was given at the Mokran House on February 16.

Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Reunification Policy Committee of the Supreme People's Assembly, spoke at the banquet.

He said that the grand banquet is associated with the parental love of the respected General Kim Chong-il, who firmly believes in overseas Koreans as active defenders and supporters of the socialist homeland and spares nothing to put them forward as well as his great trust and hope that they will, in the future, too, share the destiny of the country to the end.

General Kim Chong-il, who turns adversity into favourable conditions, misfortune into a blessing, is the greatest statesman, a great genius of military affairs and a great father of the century, who is leading the socialist cause and the human cause of independence to victory with farseeing wisdom and the spirit of Mt. Paektu, Kim Yong-sun said.

He expressed the firm belief that the overseas Koreans will, in the future, too, cherish the absolute worship for the general and always share the same destiny with the motherland in the noble struggle to consolidate as firm as rock the three fortresses of the socialist homeland and to achieve the reunification of the country without fail in the general's generation, by firmly uniting themselves around him in hearty response to the behests of the fatherly leader President Kim Il-song.

Department Director Hwang Pyong-tae of Chongayon Central Standing Committee, President Choe Hong-hui of the International Taekwon-to Federation, Chairman Chon Sun-yong of the Canada regional headquarters of the National Alliance for the Country's Reunification and Chairman Cha Sang-po of the Yanbian regional association of the General Federation of Korean Citizens in China spoke next.

All the speakers said that the respected general who is identical to President Kim Il-song in idea, leadership and virtues, has made great achievements by leading the revolution over the past 30 years, which could not be made by a leader of any other country.

They said whenever they visited the socialist homeland, they witnessed the spirit of the people in the homeland with which they are vigorously moving forward to accomplish the socialist cause of chuche in a singlehearted unity around the respected general, smashing the vicious manoeuvrings of the imperialists and reactionaries. They hardened their unshakable conviction that the bright future of their country and their motherland is firmly guaranteed because they are led by him, they added.

An art performance was given at the banquet.

**DPRK: Chinese Delegation Visits Kim Chong-il's Old Home**

*SK1702085896 Pyongyang KCNA in English  
0835 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — A Chinese delegation on Friday visited the old home of the great leader Comrade Kim Chong-il in the secret camp on Mt. Paektu on his birthday.

It consisted of officials of 24 units to lay floral baskets before the old home.

The members of the delegation laid floral baskets carrying their wishes for the longevity of Comrade Kim Chong-il before his birthplace, representing their unbounded reverence for him.

Written on ribbons of the floral baskets were letters "We sincerely wish the great leader Comrade Kim Chong-il a long life in good health!" and "Warm congratulations to the dear leader Comrade Kim Chong-il on the occasion of his birthday!"

**DPRK: Kotongnyon, Koreans in China Congratulate Kim's Birthday**

*SK1702044296 Pyongyang KCNA in English  
0308 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The great leader Comrade Kim Chong-il was congratulated on his birthday by Kang Il, chairman of the International Korean Association (Unity) called Kotongnyon, and Yang Yong-tong, chairman of the General Federation of Korean Citizens in China.

In his congratulatory message Kang Il says it is a great feat of the respected General Kim Chong-il that the Kumsusan Memorial Palace was built in a sublime way as the supreme temple of chuche last year.

He notes that as General Kim Chong-il has indicated the orientation of Kotongnyon, invited its officials and other compatriots to the homeland every year and showed deep love for them, overseas compatriots are living a proud life as members of the Korean nation without

feeling lonely. "Kotongnyon has conducted energetic activities for the country and national reunification," he says.

"This year we will invigorate education in national independence and patriotism among compatriots and arouse all of them in the struggle for establishing a reunified state involving the whole nation."

In his congratulatory letter Yang Yong-tong highly praises the respected General Kim Chong-il, saying he has performed imperishable feats for the country and nation, for history and the time, with brilliant ideological and theoretical activities and outstanding leadership.

He recalls that the general has taken good care of Korean citizens in China with great benevolence.

He vows to further strengthen their organization to be a patriotic one faithful and devoted to the general's ideas and leadership in one mind and effect a new turn in the patriotic movement.

The message and letter wholeheartedly wish General Kim Chong-il good health and a long life.

#### DPRK: Kim Chong-il Receives 'Some 920' Birthday Messages

*SK1702044396 Pyongyang KCNA in English  
0303 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — Some 920 congratulatory letters and messages came to the great leader Comrade Kim Chong-il on the occasion of his birthday from missions of the National Democratic Front of South Korea (NDFSK) in different countries and their members, the International Korean Association (Unity) and its organizations, the General Federation of Korean Citizens in China and its organizations, permanent Chairman Yang Un-sik of the U.S. Headquarters of the National Alliance for the Country's Reunification, Chairman Yi Yong-pin of the Council of Christians Overseas for National Reunification and his wife, and other overseas Koreans and their organizations in Americas, Europe and other regions.

The letters and messages highly praise Comrade Kim Chong-il, who has wisely guided the Korean people to vigorously advance under the red flag of chuche, smashing the vicious moves of the imperialists and the reactionaries against the Democratic People's Republic of Korea.

They express the determination of the NDFSK and overseas Koreans to devote their all to the country's reunification, a desire of the 70 million fellow countrymen, and to the development and prosperity of the socialist

homeland of chuche, true to the behests of the great leader President Kim Il-sung.

They wish the respected General Kim Chong-il good health and a long life.

#### DPRK: Art Performances Mark Kim Chong-il's Birthday

*SK1702050496 Pyongyang KCNA in English  
0314 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — Artistes of the Mansudae art troupe gave an art performance "for the general and homeland" in Pyongyang on February 16 on the occasion of the birthday of the great leader Comrade Kim Chong-il.

It was appreciated by Kim Pyong-sik, Choe Kwang, Kye Ung-tae and other WPK [Workers Party Korea] and government cadres.

Put on stage were a chorus "Song of the dear Comrade Kim Chong-il", a female instrumental ensemble "People follow him", a dance "The snow falls", choruses "No motherland without you" and "Let us hold high the red flag" and other pieces.

The performers vividly represented the unbounded reverence of the Korean people for Comrade Kim Chong-il who is creditably carrying forward to accomplishment the revolutionary cause of the great leader President Kim Il-sung, demonstrating the dignity and honor of Kim Il-sung's Korea and nation to the whole world, and proudly sang of their happiness in having great leaders generation after generation.

They also vividly showed the dauntless stamina, unshakable will and faith of the Korean people to staunchly fight under the red flag of the revolution, more closely united around Comrade Kim Chong-il.

#### DPRK: Kim Chong-il Thanks Workers at Truck Plant

*SK1702050596 Pyongyang KCNA in English  
0310 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to workers, technicians and office workers of the Sungni General Motor Works and the Sunchon Deer Ranch.

The officials, workers and technicians of the Sungni General Motor Works have renewed lorries "Sungni-58" and "Chaju" to be more economical in use of oil, efficient and serviceable on the basis of a new technique.

The employees of the deer ranch have made large quantities of tonics and sent them to coal miners, electricity makers and miners.

Comrade Kim Chong-il also sent thanks to the employees of the Kim Won-myong enterprise, who had performed great exploits in major projects over the past 20 years.

**DPRK: Foreigners Visit Embassies to Mark Kim Chong-il's Birthday**

*SK1702050696 Pyongyang KCNA in English  
0332 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — Baptista Andre Jose Simao, chairman of the Communist Community Party of Angola, on Feb. 12 paid a congratulatory visit to the Korean Embassy in Luanda on the occasion of the birthday of the great leader Comrade Kim Chong-il.

He said that the birthday of His Excellency Kim Chong-il, the great leader, is a common holiday not only of the Korean people but also of the communists and progressive people the world over.

He said:

"H. E. Kim Chong-il is the only leader of the communist movement of the world.

"Colourful events will be held by our party on his birthday.

"We sincerely wish H. E. Kim Chong-il, the great leader of the Korean people and the great teacher of our party and party members, a long life in good health."

Representatives of the People's Democratic United Party of Jordan also visited the Korean Embassy in Amman in congratulation of his birthday on the same day.

**DPRK: 'Evening Gala of Youth' Marks Kim Chong-il's Birthday**

*SK1702050896 Pyongyang KCNA in English  
0334 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — An evening gala of youth and students in Pyongyang was held on February 16 on the birthday of the great leader Comrade Kim Chong-il.

The participants dancing to the tune of melodies of the song "The dear leader is with us" beamed with happiness and great honor of being the members of the Kim Il-sung Socialist Youth League who are advancing under the leadership of Comrade Kim Chong-il.

They were overwhelmed with boundless reverence for Comrade Kim Chong-il, dancing to the tune of the songs "Our general is the best" and "Dear name".

Foreigners joined the dancers, sincerely wishing Comrade Kim Chong-il a long life in good health.

**DPRK: Kim Chong-il Receives Greetings From Foreign Leaders**

*SK1702052996 Pyongyang KCNA in English  
0300 GMT 17 Feb 96*

[Names as received]

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from Yoweri Kaguta Museveni, president of Uganda; Gnassingbe Eyadema, president of Togo; Pascal Lissuba, president of the Congo; Kiro Gligorov, president of Macedonia; Negasso Gidada, president of Ethiopia; and Edison James, prime minister of the Commonwealth of Dominica, on the occasion of his birthday.

They extend the warmest congratulations to Comrade Kim Chong-il and wish him a long life in good health.

They express the belief that friendly and cooperative relations between their countries and the DPRK will grow stronger in the future, too.

**DPRK: Kim Chong-il Receives Gift From Egypt**

*SK1702050996 Pyongyang KCNA in English  
0335 GMT 17 Feb 96*

[FBIS Transcribed Text] Cairo, February 15 (KCNA) [dateline as received] — The great leader Comrade Kim Chong-il received a gift from Youssef Amin Wali, general secretary of the Egyptian National Democratic Party, on his birthday.

The gift was handed to the Korean Ambassador to Egypt by the chief secretary of the general secretary on Feb. 12.

**DPRK: Kim Chong-il Receives Gift From Nepalese Delegation**

*SK1702051096 Pyongyang KCNA in English  
0336 GMT 17 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 17 (KCNA) — The great leader Comrade Kim Chong-il received a gift from general secretary of the Central Committee of the Nepal Communist Party (United Marxism-Leninism) Madhav Kumar Nepal, on a visit to Korea, on his birthday.

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by the general secretary.

**DPRK: Foreign State, Party Leaders Congratulate Kim Chong-il**

*SK1802072796 Pyongyang KCNA in English  
0633 GMT 18 Feb 96*

[All party leaders' names are as received]

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The great leader Comrade Kim Chong-il received messages of congratulations on the occasion of his birthday from Hafiz al-Asad, president of Syria; Mu'ammar al-Qadhdhafi, leader of the great September first revolution of Libya; Suharto, president of Indonesia; 'Ali 'Abdallah Salih, president of Yemen; Sardar Farooq Leghari, president of Pakistan; Sir Ketumile Masire, president of Botswana; and Benazir Bhutto, prime minister of Pakistan.

Congratulatory messages also came to Comrade Kim Chong-il from foreign party leaders on the same occasion.

Among them are B. Dashyondon, general secretary of the Mongolian People's Revolutionary Party; Tomiich Murayama, leader of the Japan Social-Democratic Party; Abdul Karim al-Iriyani, general secretary of the General People's Congress of Yemen; Rashed Khan Menon, General Secretary of the C.C. [Central Committee], the Workers' Party of Bangladesh; Dilip Barua, general secretary of the C.C., the Communist Party of Bangladesh (Marxist-Leninist); Youssef Faisal, general secretary of the C.C., the Communist Party of Syria; Victor Voichita, chairman of the Romanian Party for New Society; Florian Petrescu, chairman of the National Committee of the Socialist (Communist) Party of Romania; P.N. Simonenko, first secretary of the C.C., the Ukrainian Communist Party; A. Dzhalalov, First Secretary of the C.C., the People's Democratic Party of Uzbekistan; Johann Fruehwirth, chairman of the Justice Party of Austria; Walid Joumblatt, president of the Socialist Progressive Party of Lebanon; Abdallah al-Shahal, secretary of the Lebanese Regional Leadership of the Arab Socialist Baath Party; Khaled Bensmain, secretary general of the Movement for Democracy in Algeria; Eleazar Gutarra Maravi, chairman of the Peruvian Nationalist Movement of Labour; Indalicio Sayago Herrera, general Secretary of the C.C., the Socialist People's Party of Mexico; and Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru. The messages extend warmest congratulations to Comrade Kim Chong-il on his birthday and wish him a long life and good health.

They express the belief that the friendly and cooperative relations between their countries and Korea and between their parties and the Workers' Party of Korea will further strengthen and develop.

A congratulatory message came to him from the Central Committee of the Romanian Communist Party on the occasion.

**DPRK: Korean Residents in Japan Congratulate Kim Chong-il**

*SK1802064596 Pyongyang KCNA in English  
0625 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The Great Leader Marshal Kim Chong-il received congratulatory messages on his 54th birthday from organizations of the General Association of the Korean Residents in Japan (Chongnyon) including the Standing Council of the Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan, the Central Standing Committee of the Democratic Union of Korean Women in Japan, the Central Standing Council of the Association of Korean Social Scientists in Japan and their affiliated organizations, the CHOSON SINBO office, the Korean News Service, the Haku Sobang Publishing House, the Institute of Korean Affairs and other enterprises, and all the local headquarters of Chongnyon, the central institute of Chongnyon, Korean University and other Korean schools in Japan and compatriots.

The messages extend a crowning glory and warmest congratulations to the respected Marshal Kim Chong-il on his birthday.

The Korean Residents in Japan regard it as their honor to be overseas citizens of the socialist homeland of chuche, which dynamically advances, holding the red flag high under his wise leadership, the messages say, and express their resolution to more vigorously struggle for Chongnyon's patriotic work and national reunification under his leadership.

The messages sincerely wish him a long life in good health.

**DPRK: Cuba's Fidel Castro Congratulates Kim Chong-il**

*SK1802064496 Pyongyang KCNA in English  
0627 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The Great Leader Comrade Kim Chong-il received a congratulatory message from Comrade Fidel Castro Ruz, first secretary of the Central Committee

of the Communist Party of Cuba and president of the Council of State and president of the Council of Ministers of the Republic of Cuba, on the occasion of his birthday.

The message dated Feb. 15 extends warmest congratulations to Comrade Kim Chong-il on his birthday.

"I take this significant opportunity to assure you once again of our determination to further expand and strengthen the fraternal relations between our two parties, governments and peoples," the message says.

**DPRK: Overseas, ROK Koreans Congratulate Kim Chong-il**

*SK1802064096 Pyongyang KCNA in English  
0622 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The Great Leader Marshal Kim Chong-il received congratulatory messages from Korean residents in Tokyo, Osaka, Hyogo, Mie, Aichi, Kunma and other areas of Japan under the South Korean Residents Association in Japan (Mindan) and other South Koreans staying in Japan on the occasion of his 54th birthday.

The messages extend warmest congratulations to him.

Saying that Koreans in Japan under Mindan and South Korean people also live with honor and pride as the Korean nation thanks to the respected General Kim Chong-il, the messages express resolution to vigorously struggle for an early reunification of the country.

They sincerely wish him a long life and good health.

Congratulatory messages also came to him from Kang Sun-ho, chairman of the Kazakhstan Korean Association (Unity); Pak Pok-hui, student committee chairperson of the Korean language course of the Language Department of Almaty National University; Yi Boris, chief of the Chorus of the Old in Taldy-Kurugan region, Kazakhstan; and the Kumgangsan art group in Taldy-Kurugan City of Kazakhstan.

**DPRK: Yi In-mo Sends Letter to Kim Chong-il on Birthday**

*SK1902105496 Pyongyang KCNA in English  
1025 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — A letter was sent to the great leader Comrade Kim Chong-il on February 16, his birthday, by a former war correspondent of the Korean People's Army.

Yi In-mo, incarnation of faith and will, got a gunshot wound and was taken prisoner in South Korea while serving the Korean People's Army as a war correspon-

dent in the fatherland liberation war (June 1950-July 1953). Refusing to be converted, he was kept behind bars for 34 years and was crippled by the South Korean authorities' harsh persecution.

Some 40 years after he left his hometown, he was repatriated to the North of Korea on March 19, 1993.

At that time, the Korean peninsula was in a very strained situation due to the nuclear war exercises Team Spirit 93 by the U.S. imperialists and the South Korean puppets and the U.S. demand for "ad hoc inspection" of the North's nuclear facilities.

Comrade Kim Chong-il answered them with the proclamation of a "semi-war state" and the DPRK's withdrawal from the nuclear Non-proliferation Treaty (NPT), while triumphantly directing the struggle for the repatriation of the unconverted long-term prisoner, Yi In-mo, so that he could be sent back to the North.

In his letter Yi wrote that General Kim Chong-il saw he was embraced by the homeland again in the hard time when the general was remaining awake all night to map out operations at the supreme command, shouldering the destiny of the country.

"You Comrade Kim Chong-il formed a medical team, sent me tonics, got informed of my medical treatment every day and personally took measures for my recovery, so that I could be given a rebirth," he wrote.

Saying the great leader President Kim Il-song and esteemed Comrade Kim Chong-suk loved the red flag the most in their life, Yi vowed to always follow and uphold the respected General Kim Chong-il, holding the red flag aloft.

He continued:

"Only when you enjoy longevity, can our people be in health and can our party and our country be stronger. I sincerely hope that you will enjoy good health and a long life, always shining all over the world as the sun."

**South Korea**

**ROK: 'Unofficial Translation' of Ministry Statement on EEZ Issue**

*SK2102014196 Seoul THE KOREA TIMES in English  
21 Feb 96 p 2*

[ "Unofficial translation of a statement of the minister of foreign affairs of the Republic of Korea on the policy decision of the Korean Government for the proclamation of the Exclusive Economic Zone" ]

[FBIS Transcribed Text] 1, The Government of The Republic of Korea deposited the instrument of Ratification

for the United Nations Convention on the Law of the Sea with the Secretary-General of the United Nations on Jan. 29, 1996, and, in accordance with the relevant provisions of the Convention, has made a decision to proclaim the Exclusive Economic Zone [EEZ] in the waters adjacent to its territory.

2. The EEZ of the Republic of Korea will be proclaimed by law, and for this the Korean Government will take necessary legislative steps as soon as possible.

3. The outer limit of the EEZ of the Republic of Korea shall be up to 200 nautical miles from the baselines from which the breadth of the territorial sea is measured. In the areas where its EEZ overlaps with those of neighboring states, the boundary will be delimited by the agreement in conformity with the relevant rules of international law.

4. In its EEZ, the Republic of Korea will exercise sovereign rights over the living and non-living resources of the waters superjacent to the sea-bed and of the sea-bed and its subsoil, and jurisdiction with regard to the marine scientific research and the protection and preservation of the marine environment.

5. Given the increasing need of mutual cooperation for the rational management of the seas under the EEZ regime to be established in the waters around the Korean Peninsula, consultations will be held in due course among the states concerned. Concerning fishery relations in particular, the Korean Government, in the interests of the Korean fishing industries, will consult with the Japanese government with a view to reviewing the Korea-Japan fishery regime, and will also work on entering into a fishery agreement between Korea and China as soon as possible.

#### ROK Editorial Calls Japan's 'Challenge' on EEZ 'War-Like'

SK2102020996 (Internet) *The Digital Chosun Ilbo*  
WWW in English 1208 GMT 20 Feb 96

[Editorial: "Hashimoto's Challenge"]

[FBIS Transcribed Text] The Japanese Government Tuesday finally announced that it has decided to prepare to concretely specify its 200-nautical mile economic zones. At a cabinet meeting held the same day it was resolved that Japan will proceed with plans to proclaim its exclusive economic zones [EEZ] and adjacent territorial sea zones. Of course Korea will take reactive measures and on the same day Foreign Affairs Minister Kong [No-myong] announced and stated at a press conference that like Japan, Korea too will present a firm proclamation as to the extent of its 200 mile economic zones, in effect finally opening up the EEZ dispute.

Central to the EEZ dispute are the competing claims by Korea and Japan as to sovereignty over Tokto Island. The Japanese Government did not refer to Tokto Island by name in its announcement, however the comment by the chief cabinet minister that 'the country's firm position will be borne out in the law-making process and our position in respect of Tokto Island remains consistent' indirectly confirms that Japan regards the island as part of its territory.

We have made our position clear to Japan and emphasize that the fact that it continues to push its claims of sovereignty over Tokto Island in circumstances where they have no basis historically or chronologically and where the new sea law order has no bearing upon the island is proof that Japan is in reality treating us with disdain and seriously challenging our nationhood. The Hashimoto cabinet's defiant challenge to us in times where North-South relations have reached a stalemate and the North's current situation is liable to give rise to a volatile situation, Korea is facing an very important election in the near future and Korea-US relations are somewhat strained, can only be interpreted as cunning and war-like.

The test of Korea's will-power arising from the Tokto Island problem emanates from the first directive towards us by Hashimoto, who reflects a right-wing nationalistic political line, and is cause for great concern. The dispute over Tokto Island is not simply a simple quarrel over the determination of fishery and water zones rather it gives rise to one of the most important political tests imposed upon us since independence. In this regard the cooling of Korea-Japan relations is directly attributable to Japan's conduct.

Japan has thrown down the gauntlet. We should not give out any impression that we are going to hesitate or circumvent dealing with the dispute head-on through other issues. The Tokto Island issue carries with it greater meaning and importance than the island itself.

The government should not try to manage this issue, which has itself directly caused a deterioration of Korea-Japan relations, through diplomacy or by proffering a 'practical' attitude, and the ruling party must remember that should it attempt to do so it will pay the price in the forthcoming election. This is the very time to set Japan's attitudinal view of Korea straight.

**ROK: Seoul-Tokyo 'Bout' Over EEZ, Islets Viewed**  
**SK2102032996 Seoul YONHAP in English**  
**0301 GMT 21 Feb 96**

[By Kim Myong-chol: "Seoul, Tokyo Enter 2nd Round of Diplomatic Bout Over Tokto"]

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — The Seoul-Tokyo diplomatic bout over the territorial rights to small rocky islets of Tokto in the sea between the two countries has now entered the second round, since the two governments have virtually proclaimed their respective exclusive economic zones (EEZs) one after the other Tuesday under the UN Law of the Sea Treaty.

While announcing plans to establish their EEZs, both governments avoided mentioning in detail the baselines, and stressed the need for consulting neighboring countries about boundaries in areas where their EEZs overlap.

The two governments are expected to begin EEZ boundary negotiations as soon as next month.

South Korean Foreign Minister Kong No-myong described Tokyo's announcement that it would not mention the disputed Tokto Islets in its EEZ plan "a prudent posture" and suggested that Japan has shown restraint in avoiding an outright provocation.

But Japanese Chief Cabinet Secretary Seiroku Kajiyama, speaking at a press conference, said Tokyo's stance on the islets in question "has been consistent," indicating that Japan has not given up its claim to the islets.

On the other hand, Seoul said in its EEZ plan that the outer limit of the zone "shall be up to 200 nautical miles from the baseline from which the breadth of the territorial sea is measured." Thus, Seoul also indicated that Tokto is part of its territory.

But it avoided mentioning where exactly the baseline is, as did Tokyo. Instead, it said that where the two nations' EEZs overlap, "the boundary will be delimited by an agreement that is in conformity with the relevant international laws."

Seoul is said to be preparing two baseline proposals — one draws the line from Ullung island and the other from Tokto, to present at the upcoming negotiations with Tokyo.

The first proposal which uses Ullung as a baseline is "a realistic one which the government prepared in consideration of relevant rules of international law before the Tokto issue flared up," according to analysts.

Because the sea separating Korea, Japan and China measures a maximum of 350 miles and a minimum of 23 miles, a tripartite boundary agreement must be reached since the three country's proposed 200-mile EEZs overlap in many areas.

If Seoul were to draw the baseline of its EEZ from the Ullung, Tokto, 49 miles off the coast of Ullung, is much closer to Korea than to Japan, because Tokto is 96 miles away from Japan's outermost islands of Oki. In other words, Tokto is within Korea's EEZ, and there is no need to argue with Japan over the islets.

Under international law, an island not fit for human habitation, nor suitable for an independent economic life of man, has no EEZ or continental shelf. Under these rules, Tokto cannot be an island wherefrom both Korea and Japan draw their EEZ baselines.

But if Japan were to insist on drawing its EEZ baseline from Tokto or including the islets in its EEZ in the upcoming negotiations, Seoul would make a counterproposal that draws the uses Tokto as a baseline. [sentence as received]

In both proposals Seoul is consistent in its position that it has sovereign rights to the islets.

In its EEZ plans, Seoul said that Korea will exercise sovereign rights over the living and non-living resources lying above, upon or in the waters, sea-bed and its subsoil.

Seoul is confident that it could prevail if Japan were to take the Tokto territorial dispute before an international court of justice, including the soon-to-be-formed international maritime court.

In fact, Seoul has taken a number of steps that could transform Tokto into an island duly recognized under international law. Included among these is the construction of a pier, which might begin as soon as early April.

The upcoming Seoul-Tokyo EEZ boundary talks between the two countries are expected to be very time-consuming. The talks will naturally include revising the existing fishery pact signed in 1965, which is just as important as the Tokto issue.

**ROK: Party Spokesmen Criticize Japanese EEZ, Tokto Stance**

**SK2102073996 Seoul YONHAP in English**  
**0717 GMT 21 Feb 96**

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — Ruling and opposition parties unanimously denounced Japan's inclusion of Tokto in its Exclusive Economic Zone (EEZ) proposal Wednesday, which was announced in Tokyo Tuesday.

The four parties concurrently welcomed Seoul's announcement Tuesday of its counter-plan to establish a 200 nautical mile offshore EEZ as an "extremely appropriate step," and urged the government to maintain a firm stance in the forthcoming negotiations with Tokyo about overlapping portions of the EEZs.

The major opposition National Congress for New Politics (NCNP) and splinter opposition United Liberal Democrats (ULD), meanwhile, advised the government to take utmost care in the upcoming EEZ negotiations, to avoid damaging relations between the two neighboring countries, and also not to take advantage of the Tokto issue during the April 11 general elections.

Son Hak-kyu, spokesman for the ruling New Korea Party, said, "It is, indeed, regrettable that the Japanese Government has failed to show any change in its established stand on the Tokto issue."

NCNP Spokesman Pak Chi-won commented, "Japan's attitude is indeed improper, and our party supports our government's stance."

Pak, however, called on the government to cope with the EEZ issue in a constructive way "lest relations with our Japanese ally should be damaged," and to erase the international misunderstanding that the Tokto issue is being exploited for political gain in the upcoming general elections.

Yi Kyu-taek, spokesman for the opposition Democratic Party, urged the government to deal with the issue firmly "so that Japan may never repeat absurd utterances and actions (with regard to the Tokto) even at the risk of readjusting the Korea-Japan relations."

ULD Spokesman Ku Chang-nim insisted that "Japan should not deepen the conflict with Korea by repeating its nonsensical position on the Tokto issue."

#### **ROK: Indecisiveness of ROK's Military Over Tokto Noted**

*SK1802133696 Seoul MUNHWA ILBO in Korean  
16 Feb 96 p 11*

[Article by Yi Chong-hun from "Coverage Memo: "The Defense Ministry's Indecisiveness"]

[FBIS Translated Text] The Navy and Air Force joint exercise conducted off Tokto Island on the afternoon of 15 February in spite of bad weather shows our strong resolve to defend our territory at a time when Japan unleashed a row by making "wanton remarks" on Tokto Island.

However, I would like to point at some problems disclosed during the decision on the timing of the exercise was being made by the Defense Ministry and

the Joint Chiefs of Staff. In the course of decision on the recent joint exercise, it looked as if the Foreign Ministry, which was excessively worried about a diplomatic feud with Japan, was pulling the military's strings.

With Japan's proclamation of the 200-nautical-mile exclusive economic zone just around the corner, it was reported on 8 February that the Joint Chiefs of Staff planned to conduct the joint exercise off Tokto Island on 12 February.

On the same day, the Joint Chiefs of Staff was indecisive about conducting the exercise saying it would conduct it "if the media does not report on the exercise" and "if it does, it will cancel the exercise." The Defense Ministry officially denied such a report, stating that it had no plans to carry out the exercise off Tokto Island.

The next day, Japanese Foreign Minister Ikeda's "erratic and wanton remark on Tokto Island" was reported. Immediately after this, the Foreign Ministry announced that it would respond strongly to such a remark, and on 10 February President Kim Yong-sam ordered the cabinet to resolutely deal with this issue.

If the Defense Ministry had conducted the exercise on 12 February, as it planned earlier while refusing to deny or confirm the holding of the joint exercise, the timing would have been appropriate. Nonetheless, the Defense Ministry announced suddenly that it would "conduct the exercise on 15 February."

This was when Japan had already entered a cooling off period. The Defense Ministry looked as if it was being chased in deciding on the timing of the exercise.

The weather surrounding Tokto Islet on 15 February was bad, with 3 meter-high waves. There was even a storm warning alert in this area until that morning. I wonder how things would have turned out if the exercise had been canceled due to a raging storm. The military gave the impression that it was extremely rushed. Why would we need diplomacy and political power if we handled everything according to our emotions?

#### **ROK: Japan 'Indirectly' Welcomes Seoul's Plan for EEZ**

*SK2102011696 Seoul YONHAP in English  
0028 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 21 (YONHAP) — Japan indirectly welcomed Tuesday South Korea's plan to establish a 200- nautical-mile exclusive economic zone [EEZ] off its shores.

Japanese Chief Cabinet Secretary Seiroku Kajiyama, commenting on Seoul's announcement of the plan Tuesday afternoon, said that Japan understands that

aid because it is motivated by the impure political intention of forcing the country to open its doors to the world.

Because of the floods that hit North Korea last summer, millions of people are said to be on the brink of starvation.

**ROK: Official Calls U.S. Complaint on Farm Barriers 'Unfounded'**

*SK2102031296 Seoul THE KOREA HERALD  
in English 21 Feb 96 p 8*

[FBIS Transcribed Text] A recent U.S. complaint about Korea's nontariff barriers against American farm trade and the consequent export losses is "totally unfounded" at this juncture, by failing to reflect the latest developments, a Korean official said yesterday.

The comment came as a response to the U.S. Department of Agriculture (USDA) report on the new trade barriers set up by major importers of America's farm products, which appeared on the Feb. 13 issue of the **JOURNAL OF COMMERCE**, a Washington D.C.-based trade daily.

In the report, the USDA said, "No country restricts U.S. agricultural trade more than South Korea, whose various technical barriers cost exporters more than \$1 billion each year."

It then cited four major barriers in Korea as: expanded residue inspections and limited testing facilities, lack of transparent food code rules; unscientific fumigation requirements; and government-mandated shelf life requirements. The accompanying graph broke down the U.S. export losses into \$500 million in processed products, \$200 in horticulture and \$300 in others.

Second on their lost export list were Japan with \$470 million followed by China (\$325 million) and the European Union (\$150 million).

In refuting the U.S. allegation on Korea's toughened residue inspection, the government official said that Seoul has already taken steps to facilitate the customs clearance of U.S. fruits and fish so that they can be completed within two days of receiving import documents.

"Even in the cases requiring 'close examination,' we see to it that the whole process not exceed five days," said Hyon Chung-taek, International Cooperation Officer at the Ministry of Finance and Economy. "We have received no complaints from the U.S., or from any other exporters, for that matter, right now."

Hyon said that Korea currently has 112 items subjected to residue examination of farm chemicals, a level similar

South Korea wants to resolve the exclusive economic zone issue through dialogue too.

Kajiyama told reporters, "Japan intends to conduct smooth negotiations with South Korea on the issue of establishing exclusive economic zone, and we understand that South Korea is also of the same view."

On China's response to Tokyo's decision to establish 200-nautical-mile exclusive economic zone in general, however, Kajiyama said, "We've not heard anything."

The Japanese Fishery Agency, meanwhile, reportedly plans to conduct full-fledged fishery negotiations with South Korea as soon as possible to take advantage of the common ground Seoul's announcement of a 200-nautical-mile exclusive economic zone plan has provided.

**ROK: DPRK Receives Flood Aid From U.S.  
'Christian Relief' Group**

*SK2102063996 Seoul YONHAP in English  
0619 GMT 21 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — North Korea accepted shipments of flood relief goods from a foreign country Tuesday, despite earlier statements that indicated that it would refuse such assistance apparently due to military opposition.

Informed sources here said that the Center for American-North Korean Understanding (CANKU), headquartered in Virginia Beach, Virginia, delivered six 100-pound cases of blankets to Pyongyang aboard a North Korean plane Wednesday. The CANKU collected the blankets in South Korea and the United States, they added.

In a Board of Trustees meeting held in Indianapolis, Indiana, on Feb. 7, the Christian relief organization decided to assist North Korean flood victims. It subsequently shipped the blankets to Beijing Sunday via a U.S. plane. The blankets were then supposed to be unloaded and transferred to a North Korean plane that would fly them to their final destination.

First established by Christian leaders in 1993, CANKU has since maintained contact with North Korea and invited four leaders, including Vice Chairman Yi Chonghyok of the Asia-Pacific Peace Committee and Vice Chairman Chon Kyong-sam of the Overseas Koreans Support Committee, to visit the United States between Feb. 22 and March 7 last year.

Late last month a North Korean Foreign Ministry spokesman said in a prepared statement that his government would no longer accept foreign aid to its flood victims, and explained that the military opposes such

aid because it is motivated by the impure political intention of forcing the country to open its doors to the world.

Because of the floods that hit North Korea last summer, millions of people are said to be on the brink of starvation.

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Hyon said that Korea currently has 112 items subjected to residue examination of farm chemicals, a level similar

to the 157 set by the international standard of Codex. "The U.S. obligates 330 items to similar inspection, indicating how lenient the Korean system is in this respect," he said.

As for the transparency of the Korean food code rule, the official noted that the Seoul government revised related laws and regulations to make them comply with the World Trade Organization (WTO) rule last year.

He added that Korea also took pains to reclassify the food commodities into the international criteria of Harmonized System (HS) to help enhance foreigners' understanding of the Korean industrial system.

In striking back the U.S. claims on "unscientific" fumigation requirements by the Korean Government, Hyon, the director-general for coordinating the trade policies of various ministries, said that it is a globally-accepted quarantine method, mandatory on farm products suspected of containing harmful insects and diseases.

"We have rewritten the domestic laws by applying the criteria of the International Plant Protection Convention (IPPC), and will also revise relevant rules and decrees so as to exclude the so-called 'cosmopolitan pest' from the inspection requirements," he said.

Hyon, noting that Seoul has dissolved major complaints of U.S. exporters concerning its shelf life rule, reiterated that the government liberalized the shelf life on 207 items last October, by placing them under the makers' self-regulation.

"Despite the U.S. allegation, Korea's deficit in bilateral agricultural trade with Washington amounted to \$3.09 billion in the first 11 months of last year, accounting for 52.1 percent of its total farm trade shortfall," he said. "Even U.S. figures show that their farm exports to Korea had increased from \$2.4 billion in 1993 to \$2.8 billion in 1994."

He also expressed the doubt about the authenticity of U.S. allegation, noting that U.S. cattle breeders' export losses caused by the European Union's refusal to import their hormone-treated beef has been estimated to be only \$150 million, while Washington exports 2.5-times as much farm products to Brussels than to Seoul.

#### **ROK: Admission Into OECD Reportedly Opposed by U.S.**

*SK1702113896 Seoul HANGUK ILBO in Korean  
15 Feb 96 p 2*

[FBIS Translated Text] With the impending OECD Financial Market Committee meeting, which is important to our country's admission into the OECD, the United States has been putting the brakes on our country's

membership. It was learned on 14 February that the United States has pointed to the insufficient opening of our banking market as the main reason for its opposition. Accordingly, our country's admission into the OECD is expected to face rough sailing.

Sin Myong-ho, the second assistant minister of finance and economy who visited Europe and the United States to prepare for the OECD committee screening, said "unlike European countries, who are relatively in our favor, the United States is likely to express great dissatisfaction over the present level of our banking market opening at the committee session." He added, "I have heard about such an atmosphere from the OECD, and it was confirmed to some extent through my contact with a ranking official in the U.S. Treasury Department."

The OECD Financial Market Committee meeting is slated to be held in Paris on 26 February.

#### **ROK: Trade Deficit With U.S. Due To Decline in Competitiveness**

*SK1702052896 (Internet) The Digital Chosun Ilbo  
WWW in English 1249 GMT 16 Feb 96*

[Editorial: "Trade Deficit With Advanced Countries"]

[FBIS Transcribed Text] It is concerning that although the scale of Korea's overall trade volume is increasing, the essential makeup of its trade equation is worsening.

The ten billion US\$ trade deficit recorded last does not appear to be so serious when contrasted with the 260 billion US\$ of total trade done last year, especially in light of the fact that the major cause of the deficit was a sudden increase in imports of raw materials and capital goods to meet the demands of our ever-growing economy.

Although the size of the 1995 trade deficit is not itself a problem, the nature of the deficit is. Upon closer analysis, Korea in 1995 experienced a large increase in its deficit with advanced countries such as Japan and the US. Large year's deficit [as received] with Japan was 15.5 billion US\$ and with the US, 6.2 billion US\$, the latter figure constituting an six-fold increase on the 1994 level. In contrast, however, Korea achieved a trade surplus of 19.0 billion US\$ with Southeast Asian countries.

The major reason for the sharp increase in Korea's trade deficit with advanced countries is the decrease in exports to those regions. This is alarming as it indicates that the competitiveness of Korea goods has not rebounded to its previous level.

Of greatest concern is the dramatic increase in the trade deficit with US, the biggest market for Korean exports. The US market is the world's most free and the fact that our products, apart from some high-tech goods, are being rejected by it indicates a sudden drop in competitiveness on our part. Goods from developing countries are now acquiring a market share at our expense.

In any event world markets including the US are liberalizing and this trend can only increase. As the economic and trade barriers in the international marketplace are removed, Korea has at its disposal no other strategy than the strengthening of the competitiveness of its products. We have arrived at the point in time where short-term or temporary remedial measures are futile and we need a countermeasure to ensure the revitalization of our competitiveness for the foreseeable long-term future.

**ROK: Article Considers Possible Termination of Team Spirit**

*SK1502040496 Seoul THE KOREA TIMES in English 15 Feb 96 p 3*

[By staff reporter O Yong-chin]

[FBIS Transcribed Text] The possibility of ROK-U.S. largest joint military exercise "Team Spirit" [TS] being terminated for good has risen up a notch as the two countries have decided to forego their third TS exercise in a row.

In a press briefing yesterday, the Defense Ministry said that Team Spirit '96 will not be conducted and that next year's TS will not be held unless North Korea reneges on its agreement with, the U.S. to freeze the first's nuclear program.

The statement was construed to mean that whether or not to hold a future TS is directly linked to how faithful the North will comply with its nuclear agreement, making it more a political issue than a military one.

The statement also showed the allied confidence to keep the combined readiness against the North without holding a TS this year.

In connection, a senior ministry official commented, "Since this has become a political issue, it will be subjected to intricacies in a political game indicating that it would be difficult to conduct a fresh TS after its absence of three years in a row."

The difficulty of conducting a fresh TS lies in a requirement for a reason to justify it such as a major provocative act on the part of North Korea, should the two countries decide to conduct one.

The permanent termination of TS has been speculated because of high costs required to conduct it and doubts about its effectiveness.

There were differences between the two allies over who to share how much of about 50 billion won needed to conduct one TS exercise. [as published]

Despite these circumstances defying the wisdom of not terminating TS exercises, Korea wants to hold on to the TS card because it believes that it is one of the few tools to pressure the North should the situation deteriorate.

The North reacted nervously when the allies held the TS exercise, calling it as preparation to invade the North.

Although the situation is as it is, it is also possible that the allies will neither announce the permanent termination of TS exercises nor conduct them in the years ahead.

**ROK: CHOSON ILBO Interviews Nephew of Song Hye-rim**

*SK1502072996 (Internet) The Digital Chosun Ilbo WWW in English 1232 GMT 14 Feb 96*

[FBIS Transcribed Text] It was recently learned that Song Hye-rim, former wife of Kim Chong-il and her elder sister, Song Hye-rang, and two others are seeking exile in Europe. Accompanying this news was the even more startling discovery that Yi Han-yong, the son of Song Hye-rang, defected in 1982 and has been living in Seoul in secret ever since. He is the only North Korean defector with access to the close personal life and affairs of Kim Il-song and Kim Chong-il. Now he reveals this sensitive information in an exclusive series of interviews with CHOSON ILBO:

I lived with Kim Chong-nam, the son of Kim Chong-il, in his house #15 residence in Pyongyang from 1981 to September 1982, right after I finished my studies in Moscow. Kim Chong-nam visited his grandfather Kim Il-song at the palace at least once a month. I went with him several times and it was clear that Kim Il-song loved his grandson very much.

Kim Il-song and his family have six residences. #31 is his former address, and #33 is the 'Presidential Palace' [quotation marks as received] while #85 is Kim Chong-il's office and #15 is his residence. There are two others, called Chang Kwang-san and Sojangdong. In addition, he has many villas for housing important guests during their visits. Kim Il-song's first residence was #5, which was burned down during the war after which he lived at #31 until the presidential palace was finished in 1976. Now #31 is occupied by a second wife Kim Song-ae.

Kim Chong-il's office (#85) and his residence (#15) in east Pyongyang are connected by a tunnel below ground, and separated by a three metre high electric wire fence above. The office is a three story building, two floors occupied by 10 typists and 20 secretaries. The third floor is for Kim Chong-il, and is about 3 300 square meters in size. In his office there are nine television sets which monitor all the Korean stations plus Japan's NHK. Underground there is a 100m swimming pool. Beside the office building, there is a separate building housing a two story high ball room, where secret parties are held every Saturday or Wednesday. On the fourth floor of the building there are card and roulette tables as well as casino facilities. The first two floors are occupied by the ballroom and bedroom. The parties are usually held from eight in the evening to four in the morning. Entertainment consists of professional bands, comedy groups and 'joy teams' [quotation marks as received] of beautiful women which provide dancing and singing.

Song Hye-rim, the first wife used to live at #15, and then Changkwangsan. But Changkwangsan was taken over by Ko Yong-hui, formerly a member of the 'joy team' the third wife [as received]. The second wife, Kim Yong-suk, a former typist at the office is living at Sojangdong. The underground room at Kim Chong-il's office has a safe which stores gold and dollars. Every time there is a secret party, Kim gives \$10,000 in hundred dollar bills to his loyal followers, and throws diamonds or sapphires at the 'joy team'.

#### ROK: Song Hye-rim 'Likely' To Defect to 3d Country, Like U.S.

SK2102054996 Seoul *CHOSON ILBO* in Korean  
21 Feb 96 p 6

[Report by Kim Yon-kwang]

[FBIS Translated Text] Concerning Mrs. Song Hye-rim's defection to the West, it is highly likely that she and her family will end up defecting to a third country. The United States appears to be their most likely destination. In view of the probable adverse effects on North-South relations that would result from them coming to South Korea, the government intends to deal prudently with the issue of them defecting to the ROK.

On 20 February, relevant officials in the Ministry of National Unification [MNU] and Foreign Ministry said: "We have not received any request from the Agency for National Security Planning [NSP], which is working to resolve the issue, for consultations on procedures for their defection to the ROK." This being the case, officials within the government observe that they might,

in fact, have given up the idea of a swift defection to the ROK.

It has been learned that Mrs. Song and her family, who are under the protection of the government of a third country in Europe, have been dragging out the process of identifying the country they wish to defect to ever since their defection to the West was exposed. Concerning this, the relevant government official has said that Mrs. Song Hye-rim is dragging out her decision for the sake of her son in Pyongyang, Kim Chong-nam, while her sister, Hye-rang, is hesitating about deciding for fear of retaliation by North Korean authorities.

A relevant high-ranking government official pointed out that "Mrs. Song and her family asked about extensively the best way for them to stay safely. Strictly speaking, they are 'hiding themselves' at present, because threats to their personal safety have not been completely removed."

The official pointed out that "our government is not in a position to induce them to defect to the ROK or to control the overall situation," thus revealing difficulties surrounding their defection.

It was learned that the government will not unreasonably push for them to come to Seoul. By going through the international procedure regarding asylum, with participation by the UN High Commissioner for Refugees and by relevant countries, the government will strive not to cause international criticism about "abduction operations" and the like.

The government is reviewing a plan for movie actress Choe Un-hui and her husband to settle in the ROK after going through a third country, such as the United States. This is part of the government's effort to solve the problem according to internationally acknowledged procedures and practices. However, it will not be easy for Mrs. Song and her family to seek political asylum in the United States. Some ROK Foreign Ministry officials doubt whether the United States will grant them asylum at the risk of creating obstacles to the progress in U.S.-North Korean relations. It has been learned through diplomatic channels that the ROK Government is sounding out the U.S. side on the possibility of asylum being granted to Mrs. Song and her family. The defection by Mrs. Song and her family to the West will reach its peak this week, when Mrs. Song and her family will decide on the site of their defection.

**ROK: Song-Yi Telephone Conversation Disclosed**  
**SK2002084596 Seoul CHUNGANG ILBO in Korean**  
**17 Feb 96 p 4**

[FBIS Translated Text] Through a number of long-distance telephone conversations with his mother Song Hye-rang (61), who is the sister of Kim Chong-il's former mistress Song Hye-rim, Yi Han-yong successfully persuaded them to escape to the West. Yi defected to the ROK in 1982 while studying in Moscow. He has lived here under the protection of the Agency for National Security Planning, his defection not having been made public. In an interview with CHUNGANG ILBO on 16 February, he conceded he has "three cassette tapes containing the latest telephone conversations with his mother which have not been made public until now." CHUNGANG ILBO has obtained those cassette tapes and reveals portions of them. This is the last cassette tape, which contains phone conversations with his mother:

[Song Hye-rim] Hello.

[Yi Han-yong] Hello, mum.

[Song] How are you? You told me last time that you are bankrupt. How serious is it?

[Yi] You mean my business?

[Song] Yes. How serious is it? Will you be able to survive?

[Yi] Of course. It is not a matter of survival and death. Things have turned out like that because I expanded the business out of greed. I should not have quit my job.

[Song] I know the society there. The struggle to exist is fierce there. Why do you not get a stable job and live peacefully?

[Yi] Yes, I intend to do so after settling some matters. The trade with Russia is active. I will get a job at a trading firm since I speak Russian. By the way, where have you buried grandmother?

[Song] Beside your grandfather's tomb.

[Yi] Where is it? I remember it was somewhere near Pyongyang.

[Song] It is in Maram-ri, Yongsong District, Pyongyang. Did you not visit there once? Her tomb is well-arranged beside father's.

[Yi] Has Papa (Kim Chong-il) attentively arranged her funeral service?

[Song] She was cremated.... Can you say he was attentive?

[Yi] He did not care about it much. He made grandmother sad during her lifetime.... I will only be able to visit her tomb after reunification.

[Song] We wrote the epitaph in the name of Mongi (childhood name of Song Chi-il who is a brother of Song Hye-rim). Grandfather's epitaph is written in the name of Mongi and Hye-rang.

[Yi] Did grandmother know I am here?

[Song] No, she did not. I did not tell her because that might have shocked her. However, she knew your uncle is still alive there.

[Yi] Are you and auntie mistreated?

[Song] Well, sort of. We are being closely watched.

[Yi] You are not being watched. You are being mistreated. Seeing that hammer nose (the nickname of Kim Chong-il's third wife, Ko Yong-hui) lives well and her son attends the Geneva International School, I have a feeling you and auntie are being relatively ill-treated.

[Song] It is a matter of course. He just allows us to live and travel by ourselves. That is all.

[Yi] Does he often send money?

[Song] He has no money to spare for us.

[Yi] Then, how do you live?

[Song] With the money we used to have....

[Yi] Do you mean the money that auntie secretly saved little by little in the past? What will become of you if you spend all your money?

[Song] Certainly, he would not let us die....

[Yi] Is it that bad? I thought he could not be all that bad to auntie because of the general (nickname of Kim Chong-nam who is the son of Kim Chong-il and Song Hye-rim). The general is his first son.

[Song] He could be mean to us if he wants to. That woman's (Kim's third wife) influence is becoming strong nowadays. That is why he pretends as if he is indifferent to us.

[Yi] Then, he does not think of the general as his successor?

[Song] How could he discuss that issue when he (Kim Chong-il) himself has not acceded to power?

[Yi] The reports here said Kim Chong-nam is shut up in a guest house.

[Song] That is correct. Sometimes he sneaks out of the guest house, but he is confined....

[Yi] Does the general often visit Song Hye-rim?

[Song] He used to come over to see his mother until three or four years ago. However, he has not visited her since then.

[Yi] Probably, he is not allowed to visit her because he may escape.

[Song] I do not know.

[Yi] When Kim Chong-nam was young, Kim Chong-il seemed to be fond of him and regard him as his successor.

[Song] He has changed.

[Yi] I hesitated quite a lot before calling you. However, I decided to try because I was afraid if I did not call now, it might be impossible for me to reach you later. If your telephone number is changed, I would not be able contact you at all, and I would never see or hear from you again.

[Song] You do not know how impatiently I have been waiting for your phone call these past ten years. (weeping) Why did you not call during those ten years? Whenever the phone rang, which was once in a while, I hoped it was you.... I waited so impatiently for ten years, but you never called. Why?

[Yi] I thought your telephone number must have been changed. Mom, what disease did grandma die from?

[Song] She was healthy and said she would live to be one hundred. However, she died of cerebral thrombosis caused by being annoyed too much.

[Yi] Was she annoyed with the problems concerning Chong-nam?

[Song] Yes. Without those problems, she could have lived longer. (weeping) Do not lose courage. You are still young. Keep a stout heart.

[Yi] Do not worry about me, Mom. I do not want to live there, even though I have many difficulties here.

[Song] I am happy because I believe you are fortunate.

[Yi] How would I get along if I were in Pyongyang?

[Song] Oh, no. Terrible. The two kids are both confined, you know.

[Yi] Two kids?

[Song] I mean, including Nam-ok [Yi's sister].

[Yi] Is Nam-ok not able to leave the house either?

[Song] She cannot come out because of the fence. How can human beings live within fences?

[Yi] Both kids are confined? Is that true?

[Song] Nam-ok is in our old house, the house with a walnut tree.

[Yi] Next to the house where the general is confined?

[Song] Yes. The kids are bored to death.

[Yi] I like it here, although it is difficult to get along.

[Song] Absolutely. I understand.

[Yi] Since I came here, I have realized that things are really wrong there. You may also feel that way.

[Song] Sure. The situation is beyond description. I am simply stunned and aghast.... Conditions are even worse now than ten years ago. If I am called in on a sacrificial day or a holiday, I will become hospitalized. There is no other way to avoid it, is there?

[Yi] How does Nam-ok endure her situation?

[Song] There is no decisive measure we can take while she is confined. We have tried to free her from confinement, but in vain.

[Yi] Please take her out of the house by any means.

[Song] I am watching for a chance.

[Yi] Papa looked very old in a photograph that was recently made public here. Is he healthy? He looked sick.

[Song] It seems he is sick. Even I do not know because it is secret.

[Yi] How can it be a secret?

[Song] How can we know? Everything is secret.

[Yi] Is that also a secret?

[Song] How should we know? Everything is secret.

[Yi] Does the embassy still offer you conveniences?

[Song] Well, the only thing it does is purchase airline tickets for us. That is all.

[Yi] Does the embassy or any other lower organ fawn on auntie with dollars?

[Song] Do you know how valuable dollar are these days? You certainly know what the situation is in our country. No one has money to spare. But, you do not have to worry. We can still live with the money your aunt has saved.

[Yi] How much did she save? Is it more than a million dollars?

[Song] We live on the money Pyongyang has sent to us for clothing and food.

[Yi] Do you remember your grandson whom you talked with on the phone? I will send you a video tape of him.

[Song] How can you send it here? Officials are everywhere. Is the telephone there not tapped?

[Yi] There is nothing to worry about. My only concern is whether your telephone is tapped.

[Song] Magpies tap everything here.

[Yi] Who are magpies?

[Song] You have named the KGB magpies, have you not? They tap the telephone around the clock. However, relations between Russia and us (North Korea) are bad these days.

[Yi] I was almost put behind bars because I went bankrupt, but the state kindly settled the issue.

[Song] Oh, how thankful they are.

[Yi] They bought me a house, too. Otherwise, I could not afford to buy one.

[Song] Well, is there a job you can get?

[Yi] Of course there is. The authorities helped me get a good job. It is as a producer at the broadcasting station. I am like a reporter.

[Song] Yes, you do have writing skills. So the authorities helped you get a job with a high salary.

[Yi] It has changed a lot here. Even uncle can travel overseas without permission.

[Song] Did you know that I write? I have a subject to write about.

[Yi] Are you going to write?

[Song] I have already started writing. However, I cannot publish it here.

[Yi] You cannot publish your writing there?

[Song] That is right. I am willing to complete the story as long as I am healthy.

[Yi] If you do not return to North Korea, and instead publish the book here, you will earn a lot of money.

[Song] I know that. However, it is impossible unless I cut off ties with them, get a stable job and live quietly with my hopes. Mummy is still alive. Mummy is not that incapable. You should live with hope. I will make a living with the money earned by my writing.

[Yi] Really?

[Song] I do know that I can make a living by writing. If I write, it will be a valuable story.

[Yi] You will probably earn a lot of money if you write in a third country. You have felt and experienced a lot in the past.

[Song] What I am writing about is not fiction.

[Yi] Then, you would be able to live by yourself no matter what happens to you.

[Song] That is right. That is right. You should have hope. I will publish a book in a third country.

[Yi] Then, you should take Nam-ok out of the country.

[Song] Of course. Surely, Kim Chong-il would not kill his own son [Chong-nam]. Oh, this telephone conversation will cost me a lot. It could be a hundred dollars.

[Yi] A hundred dollars? Are you that poor?

[Song] Is that not a lot of money there?

[Yi] A hundred dollars is nothing here.

**ROK: DPRK Reportedly Orders Diplomats To Send Children Home**

**SK2102011496 Seoul KBS-1 Radio Network in Korean 0000 GMT 21 Feb 96**

[FBIS Translated Text] North Korea reportedly recently issued a summons for the children of its high-ranking officials serving overseas.

A high-ranking government official said the government has received intelligence that North Korea recently issued instructions to its overseas missions to summon the children of high-ranking overseas officials. North Korea's instructions to summon the children of high-ranking overseas officials' reportedly includes diplomats whose parents are high-ranking persons and those who have been overseas a long time.

This action by North Korea is believed to have been prompted by the fact that Hyon Song-il, the third secretary at the North Korean Embassy in Zambia; Choe Su-pong, his wife; and Cha Song-kun, a North Korean agent, all of whom defected to the ROK last month, are family members of high-ranking North Korean officials.

**ROK: Security Increased To Counter Potential DPRK Terrorist Threat**

**SK1802031196 (Internet) The Chungang Ilbo WWW in English 18 Feb 96**

[FBIS Transcribed Text] The South Korean Government is taking emergency measures in anticipation of any potential terrorist retaliation on the part of North Korea in the wake of a series of North Korean defectors including Kim Chong-il's ex-wife, Song Hae-rim.

Security measures for President Kim Jong-sam during his Asian tour (February 24 to March 4) will be beefed up as well.

Seoul also sent urgent orders to overseas diplomatic missions to take all the precautionary measures necessary to ensure the safety of Korean tourists and prevent Pyongyang's abduction attempts on overseas diplomats, businessmen and students.

**ROK: Daily Urges Measures To Counter 'Violent Military Attack'**

*SK1702052496 (Internet) The Digital Chosun Ilbo WWW in English 1241 GMT 16 Feb 96*

[Editorial: "Is the DMZ Safe?"]

[FBIS Transcribed Text] The recent spate of unusual goings-on in the North puts us on edge. It is possible that the series of incidents in the North, including the sudden sharp increase in defections (including even one of Kim Chong-il's spouse) and the recent shoot-out in Pyongyang, may trigger a serious wave of after-shocks. It was quite appropriate for the Prime-Minister to lead the Reunification Security Policy Co-ordination Meeting at which the events taking place in the North were examined from all angles and the development of policy countermeasures considered. Normally such a meeting would be presided over by the Vice Prime-Minister but in light of the seriousness of the situation the Prime-Minister's participation was apposite.

One is more than a little bit curious, however, as to whether a military stratagem was seriously discussed at the meeting. We have reached the stage where we cannot rely on the current capacity and extent of available countermeasures towards the North. Our current policy places primary importance upon military defense with a view to achieving peaceful reunification, however a more diverse set of options must be made available. There are two possible scenarios that may befall the North: a slow, "soft" end to its political regime, and a sudden, "hard" collapse. In the case that the latter scenario transpires, we must consider how our military defense forces ought to react should, say, the North resort to military provocation or we witness a sudden influx of refugees. We must also phrase any policy contingent upon whether in the case of a sudden collapse, the North army may part, one side turning to its blood ally China for assistance and one side to us.

We need more than a theoretical approach to the North Korean situation. We need the actual means in place of implementing a counter-measure towards the North should it suffer a "hard" collapse. This is an avoidable burden. We should enhance and update the system currently in place in the border region

and work on the assumption that a violent military attack by the North will take place. Rather than being concerned with dedicating huge amounts of funds to the reunification goal, we must prepare a concrete set of alternative countermeasures. Whatever fate lies ahead for the North, we should see it as our task to formulate a national stance of solution and counter-defense.

**ROK: Bank Report Highlights 'Sharp Increase' in Inter-Korean Trade**

*SK1502040396 Seoul THE KOREA TIMES in English 15 Feb 96 p 9*

[By Staff Reporter Sa Tong-sok]

[FBIS Transcribed Text] Despite deepening political confrontation between South and North Korea, inter-Korean trade showed a sharp increase last year, the Export-Import Bank of Korea said in a report yesterday.

The report said inter-Korean trade amounted to about 299 million dollars last year on an approval basis, up 30.7 percent from the 229 million dollars in 1994.

Last year's sharp rise in inter-Korean trade was in acute contrast with sluggish growth in recent years.

In particular, South Korean exports to the North surged 180 percent to about 71 million dollars in 1995. Imports from North Korea rose a modest 12.1 percent to 228 million dollars, resulting in a trade deficit of 157 million dollars for South Korea.

Since the two Koreas began trade in 1988, South Korea's aggregate trade deficit with the reclusive communist country has totaled 879 million dollars with their aggregate trade volume recording 1.18 billion dollars.

The chronic trade imbalance in favor of North Korea was attributed to the fact that the South Korean government allows inter-Korean trade officially while North Korea does not recognize trade with the South.

Inter-Korean trade had remained in the doldrums at the beginning with 1 million dollars in 1988 and 25 million dollars in 1990. But the trade began showing a marked rise in 1991 with 19.2 million dollars, buoyed by improvements in inter-Korean relations. According to the report, commission-based manufacturing trade between the two Koreas, which was inaugurated in 1991, climbed 62.2 percent to 46 million dollars in 1995, accounting for 15.5 percent of the total two-way trade.

With the sharp rise in trade volume, the number of items approved for trade has continued to rise. Inter-Korean trade items numbered 200 last year, which broke down to 118 in imports and 82 in exports. The figure

represented an increase of 58 compared with the 142 in 1994.

In 1995, steel and other metals comprised 68.4 percent of South Korean imports from the North, followed by agricultural goods (11.2 percent), textiles (14 percent), mining products (1.6 percent) and fisheries goods (2.0 percent).

The report said inter-Korean direct trade recorded a marked rise last year. Direct trade between South and North Korea amounted to about 26.8 million dollars last year, up 260 percent from 1994, accounting for 9.0 percent of the total trade.

#### **ROK: Inter-Korean Sea Traffic 'Diminished Substantially' in 1996**

*SK1602100596 Seoul YONHAP in English  
0610 GMT 16 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — Traffic on inter-Korean sea routes has diminished substantially as a result of a deteriorating North Korean economy.

Maritime analysts said Friday that the number of vessels traveling sea routes between South and North Korea has declined to a fourth of the previous level, since factories in the North have been forced to cut back production because of electricity shortages.

In previous years, the volume of freight involving processing-on-commission garments from the North usually increased before the Lunar New Year holiday, but this year there has been a sharply decrease.

There is practically no freight being transported from the South to the North since economic difficulties prevent the latter from buying South Korean products.

Large shipments of such daily necessities as sugar were previously sent to North Korea in time to arrive before the birthday of the North's de facto leader Kim Chong-il, but there was virtually no such shipment this year (Friday is Kim's 54th birthday this year).

An official at Samson Shipping Co. said that it has been difficult to operate a vessel on the Inchon-Nampo route recently.

#### **ROK Daily Profiles New DPRK Military Leader Kim Yong-chun**

*SK1802062396 Seoul CHUNGANG ILBO in Korean  
15 Feb 96 p 10*

[By reporter Choe Won-ki]

[FBIS Translated Text] Kim Yong-chun, chief of the General Staff of the North Korean military, who was

veiled in mystery right up until October 1995 when he was appointed chief of staff, has emerged as a new real power in the North Korean military. The position of chief of the General Staff is a key central post which plays an operations command role over the one million-man North Korean army. Kim Yong-chun's past career is being revealed piece-by-piece through defectors who have recently come to the ROK.

According to defector Mr. Kang Myong-to, Kim Yong-chun originally was not from the military but was a ranking member of the Workers Party [WPK]. From the mid-1960s he served in the Organizational Guidance Department of the WPK. Mr. Kang notes that this was when he formed ties with Kim Chong-il.

Right after he graduated from Kim Il-song University in March 1964, Kim Chong-il worked at the party's Organizational and Guidance Department. It has been learned that it was at this time that Kim Yong-chun became acquainted with Kim Chong-il while being in charge of guarding Kim Chong-il, who enjoyed horseback riding.

According to Mr. Kang, Kim Yong-chun formed ties with the military in the late 1970's. He served as a political member of the First and Second Army Corps in the late 1970s, and in early 1984 he served as the commander of the Sixth Army Corps.

According to another defector well versed in the North Korean military, Kim Yong-chun is a typical military-man who served as director of operations of the Ministry of the People's Armed Forces. He said that while serving as commander of the Sixth Army Corps, Kim Yong-chun personally reported to Kim Chong-il about the illegal opium smuggling incident by the Political Security Department, and took care of the matter himself.

Kim Yong-chun rose to full-scale success in the 1980s. In December 1986 he became a member of the Political Bureau of the WPK Central Committee, and in April 1990 he was elected as deputy to the Ninth Supreme People's Assembly of the Kosan Electoral District of Kangwon Province. In April 1992 he was promoted to general.

#### **ROK: Japan Newsman Who Visited DPRK Says Shortages Not Serious**

*SK1902031196 Seoul CHUNGANG ILBO in Korean  
18 Feb 96 p 3*

[By correspondent No Chae-hyon from Tokyo]

[FBIS Translated Text] Kenjiro Kato (35), a Japanese free-lance photographer and expert on military affairs,

sneaked into the North Hamgyong Province region of North Korea late last year with the help of a Chinese man, stayed there for two days, and succeeded in taking photographs.

In his interview with CHUNGANG ILBO, Kato said: "I sneaked into North Korea by giving 300,000 yen (about 2.3 million won) to my Chinese friend. North Korea is poor but it seemed that there was no particular abnormality in the people's health and in the way they were dressed."

He also said: "Guarding of the border was surprisingly lax and it seemed that the people could escape if they had the mind to, but it seemed that they did not feel the need to escape."

After graduating from Waseda University in Japan, Kato worked for a construction company but quit because he became interested in disputed areas overseas. From 1989 he covered news in the disputed regions of Bosnia, Chechen, Iraq, and Nicaragua. Regarding his visit to North Korea he said: "I was afraid that I might be caught by the North Korean authorities and executed without anyone knowing, but I believed that it was most likely that I would be safe because I am a Japanese."

The following is a memoir by Kato on his visit to North Korea:

Y, a Chinese friend whom I knew from a long time ago, proposed the following: "If you give me 300,000 yen, I will give you the opportunity to visit North Korea's rural areas." Y, a former CPC cadre, said that if we bribed the North Korean side, we could sneak into North Korea as well as take pictures. I hesitated over his proposal for a long time, but finally I decided to go into North Korea. I thus went to Yanji via Beijing on 14 December of last year. I was on standby for about one week, and then on 22 December the four of us — Y, his subordinate, a Japanese interpreter, and myself — left for North Korea at 0630 hours.

While riding along the Tumen River by car, we tried to find a place where the river is narrow. We found such a place south of Sanhe where the river was only about 30 meters wide. The ice was hard so we were able to cross the river easily. This place was the border but I was very surprised that there were no guards, wire entanglements, or observation tower at all.

It seemed that if the North Korean people wanted to, they could escape to China as much as they wanted to. Some people did escape, but it seemed that there were no signs of large-scale escapes.

There is a mining village, Yuson, in North Hamgyong Province of North Korea across the border. Its popula-

tion is about 1,000 people. While taking precautions so that I would not be noticed by the North Koreans there, I started to take pictures with my camera by using my 400-800mm telephoto lens.

This North Korean rural village was poor, but it seemed peaceful. Children were riding sleighs on the frozen brooks and another group of children was playing soccer at the entrance to the village and the children were soaked in sweat.

Men and women walking along the roads were wearing thick jackets and it seemed that they were healthy. I was very surprised because I had thought that North Korea's situation would be a wretched spectacle — like that of the poverty-stricken regions of Africa, because I had heard reports regarding North Korea's food shortage situation.

A guide who accompanied us said: "We lack food, especially rice, so we eat corn as our main food, but other than that, there is no great inconvenience in electricity and clothing."

Even though it is a big village, I saw only one truck. It seemed that the main means of transportation was an oxcart. There was only one TV antenna among scores of houses. I seemed that the people had a habit of moving about in groups when going outside.

On 23 December, I once again went into North Korea. This time we crossed the Tumen River north of Musan. We discovered two cranes at a lumber storage site situated 20km north of Musan. What was interesting was that these cranes were made of wood.

On this day I was curious about North Korea's electricity situation, so I intentionally stayed there until sunset. When it became dark at around 1800 hours, electricity was turned on in the homes of the mountainous area. Street lamps were lit on the streets. It seemed clear that North Korea's shortages were not as serious as we thought them to be.

#### ROK: Kim Chong-il's 'Passion' for Foreign 'Luxury Items' Noted

SK1702051196 (Internet) *The Digital CHOSUN ILBO*  
WWW in English 1248 GMT 16 Feb 96

[Third in a series of articles by Yi Yong-han concerning DPRK leader Kim Chong-il's family: "The Secret Life of Kim's Family"]

[FBIS Transcribed Text] Kim Chong-il is the very antithesis of North Korea's policy of self-reliance. There is certainly nothing moderate or humble about Kim's daily necessities, favourite songs, diet or car.

Kim is automobile crazy and at #15 where I lived there were 30 passenger cars housed. Amongst them were white, black, green, navy blue and Grey Mercedes Benz 500s as well as a Sports Series Benz, five Cadillacs, a Lincoln Continental, Rolls Royce and a British-made Eagle. The speed-crazy Kim in 1968 while driving a jeep under the influence of alcohol collided with a pine tree in front of the Russian embassy, and spent one month in hospital. Kim's half-brother, Kim Pyong-il, also ran into an electric pole in 1976 while under the influence and was hospitalized for two weeks.

Kim Chong-il enjoys horse-riding and has his own equestrian center in a suburb of Pyongyang. Kim is a sharpshooter and loves hunting. He has his own hunting field and spends around 15 days hunting every December and January. He has a hunting car made from a converted Mercedes Benz. I went hunting with Kim a number of times and each time he brought back hundreds of peacocks and roe deers. Captured animals were given to party officials.

Kim and his father have a passion for foreign-made luxury items. They imported soap, toothpaste, liquor and cosmetics mainly from France. Kim's favourite liquor is Hennessey Cognac. Kim very much enjoys Japanese and Chinese food, especially soup made from fish intestines. He loves soup so much that there were several specialist broth chefs brought in to cook for him.

The Guard Bureau contained a Number Two Section which supplied necessities for Kim Il-song and Kim Chong-il. It grew rice at Mundok, Pyongbuk, northwest North Korea the only district from which the two ate rice.

Number Two Section had a special inspection team which inspected all food eaten by Kim Il-song. Even X-rays of his food were taken. Some twenty workers did nothing other than check his rice for impurities.

#### **ROK: Security Guards for Kim Chong-il's Family 'Above Any Law'**

*SK1802031396 (Internet) The Digital Chosun Ilbo  
WWW in English 1152 GMT 17 Feb 96*

[Fourth in a series of articles by Yi Yong-han concerning DPRK leader Kim Chong-il's Family: "The Secret Life of Kim's Family"]

[FBIS Transcribed Text] North Korea is the kingdom of Kim's family. Every social system is under it. Even an exclusive lane is set aside for them in the center of the roads in Pyongyang.

The guards for the Kims are also above any law. They are permitted any means to ensure the safety of Kim and should any of the citizens attempt to cross or walk on the

road, the motorcade will not hesitate to run over them. One known case study conducted by the Presidential Guard Headquarters reported a case in which a woman well past her seventies walked upon the road during an evening procession with a spoon and was shot under the misunderstanding that the glint of metal in the moonlight off the spoon had been a firearm.

Every time the Kims go anywhere, they ride either a Benz 600 or a Lincoln Continental, of which there are always three of a kind to hide the real location of the Kims and thwart any assassination attempt. Directly in front of the Kims rides the Chief of First Guard, while the Chief of Ceremony Safety takes his position at the very front of the motorcade. The Kims are also flanked on either side by cars from the Ceremony Safety Section.

Kim Il-song and his son are always protected by a four tiered bodyguard system. On the outside there is the Social Security Department, just inside there is the Political Defense Department, even closer is the Ceremony Safety Agents, and closest to the Kims are agents from the First Guard. They all carry collapsible AK automatic rifles.

The Guard Headquarters is of the same magnitude of the army corps. It used to be called the Guard Command under the command of the army general, but the Headquarters is now headed by the Marshall of the Army.

The Guard Headquarters consists of the First, Second and Third Guard. Before Kim Il-song died the First Guard was assigned to the protection of Kim Il-song, while the Second was responsible for Kim Chong-il who had a force of 400 guards at each of his residences. The Third Guard was to protect high ranking government officials such as administrators, members of the Central Committee. The Guard Headquarters was also home to a so-called Second Section which supplied necessities to Kim Il-song and his son, Ceremony Safety Section, Ceremony Planning Section, Metropolitan Garrison Command and the Metropolitan Guard Command.

The Ponghwa Medical Clinic in Pyongyang which administered to ministry level officials or higher was also under the mandate of the Third Guard. The Department Heads of the Clinic were specifically in charge of preserving Kim Il-song's health, while three other specialists were part of his daily entourage. One was a dentist, because of his bad teeth from smoking too much, another was an ear-nose-throat specialist. Another team of doctors was responsible for the general health of Kim Il-song and his son.

Each of Kim Chong-il's residences contained an underground safe, which was full of 10 kilogram bars of gold bullion. Two friends of mine who were guards told me that they had carried the gold all day to the safes. The safes were also full of dollar currency. When close friends or associates travelled abroad they were given a fistful of one hundred dollar bills, amounting to around 10,000 dollars.

Kim Chong-il enjoyed distributing gifts among his subjects. Suits, lingerie, ties, watches, make-up, and lighters would be thrown among the people. At his private parties, treasures such as diamonds and sapphires were tossed amongst the women. I, too, have gotten dollars from his son Chong-nam many times.

Kim Chong-il's personal fund came mainly from the Taesong Office and Room 39 of the Central Party. Taesong supplied an annual income of 100 million dollars, while room 39 gave him 20 million dollars. Taesong had its own gold mine, and also made money exporting abalones, ginseng, mushrooms, pearls, china and deer horns to Japan. They also controlled Sindok Mineral Water which was exported to Singapore and Hong Kong. Room 39 dealt mainly with securities and foreign exchange in Hong Kong.

During the Kwangju uprising, the Chief of the North Korean Army O Chin-u proposed at the dinner table that North Korea push south. Just before the uprising I was travelling in Germany, and I heard the agents for operations in South Korea who were dispatched to East Germany say that Chon Tu-hwan would soon take power, and I thought they had much information on South Korea.

#### ROK: Kim Chong-il's Work Habits, 'Secret Parties' Viewed

SKI702060296 (Internet) *The Digital Chosun Ilbo*  
WWW in English 1242 GMT 15 Feb 96

[Second in a series of articles by Yi Yong-han concerning DPRK leader Kim Chong-il's family: "The Secret Life of Kim's Family"]

[FBIS Transcribed Text] Kim Chong-il lives by the night. He rises at noon in his #15 residence and takes breakfast. At 3 pm he goes via underground tunnel to his office. Kim makes on-site inspections until 6 pm when he dines. From 7 pm his work goes into full-swing and between 4 am and 5 am he retires for the day.

Documents requiring Kim's attention pile high and Kim utilizes a staff of twenty typists who work alternating shifts. On the second floor of #85 there are bedroom facilities for resting typists. Kim's second wife, Kim Yong-suk, was one such typist hand-picked by Kim.

The typists generate documents in large type-size to minimize fatigue and eye soreness suffered by Kim. Kim signs a plethora of documents and it takes many people to transport them around his office.

Kim's secret parties are arranged to alleviate work stress. Kim drinks heavily and has little trouble in disposing of a bottle of cognac in an evening. In addition to song and dance and comedy, Kim's other means of relaxation is watching movies. He has a passion for violent films and is well known to be a crack rifle shot. He uses pistols and AK rifles to hunt wild rabbits and other game in the outside range attached to #85. Kim owns another shooting range near Pyongyang. Kim imparted to his son, Chong-nam, the art of riflery at a young age. Kim habitually keeps a pistol under his pillow while asleep. On one occasion, a staff member entered Kim's bedroom and, to his utter amazement, Chong-nam gathered the pistol and took it to Kim.

Kim Il-song since 1976 had only a symbolic existence. From that time, all official reports and signatures came through his son, whose given title was Organizational Secretary. Direct communication with Kim Il-song was virtually impossible. In private, Kim Il-song called his son by name but in public referred to him by title.

Whenever Kim Il-song received reports they would be re-organised by his son and delivered to him after being recorded by voice actors. Kim would simply lie back and pleasurable digest the information.

#### ROK: DPRK Diplomats in Russia Talk About Shooting, Defection

SKI702220696 Seoul KYONGHYANG SINMUN  
in Korean 17 Sep 96 p 4

[Report on interview with two unidentified DPRK diplomats by Moscow-based correspondent Kim Choung, in Moscow on 15 February; first paragraph is KYONGHYANG SINMUN introduction]

[FBIS Translated Text] On 15 February, a Moscow-based KYONGHYANG SINMUN correspondent met with North Korean diplomats and shared opinions on the defection of Kim Chong-il's former wife, the shooting incident in Pyongyang, and other North Korean affairs. The names of the North Korean diplomats will not be revealed here to ensure their safety.

Through the contacts with North Korean diplomats stationed in Moscow, I could confirm that they did not deviate in the slightest from North Korea's original assertion that the shooting incident at the Russian trade mission was committed by a lunatic and that the defection of Song Hye-rim and her party was "a total fabrication." On the evening of 15 February (early

morning of 16 February, Korea time), I had dinner with two North Korean diplomats, including a consul in the North Korean Embassy, in a Moscow apartment. I had a one-and-a-half-hour conversation with them. The menu was dog soup and vodka. We had the following conversation:

[Kim] Is it true that a soldier was killed while seeking asylum at the trade mission?

[North Korean diplomat] Well, it was committed by a lunatic. He tried to escape to another country after committing a crime.

[Kim] I also heard that Kim Chong-il's wife escaped from Moscow to somewhere else. Is that true?

[North Korean diplomat] (Laughing) That is a lie. I heard that the South Korean media are reporting this, kicking up a row. Do you really think that such an incident can take place?

[Kim] Then, is it true that Kim Chong-il's wife lived in Moscow?

[North Korean diplomat] That is a fabricated story. If such a famous person had lived here, she would have already been known to the outside world. I am sorry to say this to you, who have come from South Korea, however, South Korean papers write too many lies. The South Korean papers try to slander North Korea by timing it to coincide with tomorrow (16 February), Comrade Kim Chong-il's birthday. No papers in their right mind would write such a fabricated story, because the truth is apt to be revealed soon. (They expressed disappointment here by saying that "Russia is helping the ROK spread gossip after having received money from the ROK.")

[Kim] Does Kim Chong-il have another wife?

[North Korean diplomat] No.

[Kim] Last year, the North Korean Embassy arranged a grand party in Moscow to mark Kim Chong-il's birthday. Are you also planning one this year?

[Kim] No such party will be held this year. The two-year mourning period will end this July. Thus, we can hold such events next year. (They did not comment further on the cancellation of a party and events celebrating Kim Chong-il's birthday, even though it seems it was linked with the troubled domestic situation in North Korea, which has suffered recently from a deepening economic crisis and recent defection incidents.)

[Kim] Will Kim Chong-il be appointed to the presidency then?

[North Korean diplomat] Well... It is nichebo chunicheni [two preceding words as transliterated]. (This means "it

is of no significance" in Russian, implying that the election of Kim Chong-il, whom they have already upheld as the leader, to the presidency is of no significance to them. A North Korean diplomat here reportedly receives 350 dollars a month.)

Recalling that there was virtually no enforcement of traffic laws in the days of the Soviet Union, they deplored the fact that the Russian traffic police are excessively enforcing traffic laws to receive bribes. They also pointed out the seriousness of Mafia crimes in Russia. After the dinner, the two North Korean diplomats left for their embassy quarters.

#### ROK: DPRK Reaction to Russian Mission Intruder Incident Analyzed

SK1802091396 Seoul CHOSON ILBO in Korean  
18 Feb 96 p 2

[By reporter Kim In-kyu]

[FBIS Translated Text] North Korea is making desperate efforts to quell the incident of Corporal Cho Myong-kil, 25, who sought asylum at the Russian trade mission in Pyongyang on 14 February.

Through the KOREAN CENTRAL NEWS AGENCY [KCNA], North Korea's external propaganda channel, North Korea stated on 16 February, one day after the conclusion of the incident, that Corporal Cho is still alive. KCNA reported: "The man who rushed into the Russian Embassy is a mentally deranged person, who had suffered from a serious mental disease and had committed homicide." It also reported: "He is now receiving medical treatment in a mental hospital." KCNA described the reported "armed intrusion" and "request for asylum" by Cho Myong-kil as "a mean anti-Republic maneuver by some countries' media of disseminating materials allegedly obtained from ITAR-TASS."

At first, North Korea described the incident involving Corporal Cho as a fabrication by Russia, but the following day, it acknowledged that the incident had taken place, regarded it as an "act by a psycho," and denounced the foreign media. This shows that North Korea is trying to water down the incident in a bid to prevent the superiority image of its so-called "socialism of our own style" from being damaged.

That is, North Korea wants to stress that "there is no rational North Korean resident who desires to escape and defect from the socialist fatherland, which is the best place to live in the world." It is also understood in the same vein that North Korea has denounced those who defected to South Korea as "human dregs" and "people who have no common sense."

North Korea's allegation that the corporal is a psycho is believed to be aimed at avoiding the international community's denunciation of the presence of its troops in a foreign embassy. It is also believed that North Korea has stated that Corporal Cho is alive because it wants to confirm that he is a psycho.

However, because of the KCNA report, it is highly likely that North Korea and Russia, which officially announced Cho Myong-kil's request for asylum and his death, will have a major conflict over this incident.

**ROK: Daily Analyzes Russia's Handling of Incident in Pyongyang**

*SK1802134696 Seoul TONG-A ILBO in Korean  
16 Feb 96 p 3*

[Report by Yi Ki-u]

[FBIS Translated Excerpt] Why did Russia turn over to North Korea Mr. Cho Myong-kil, who sought political asylum, and why did Russia allow North Korea's special troops to enter the Russian Embassy? In the beginning, Russia revealed its exceptional position to affirmatively review Mr. Cho's request for political asylum. Russia, however, abruptly changed its position. People have made different assessments concerning this.

The first assessment is: Russia might have regarded Mr. Cho as a simple criminal who escaped to a foreign mission after violating his domestic law. Thus, he would not have been entitled to seek political asylum. North Korea, which labelled Mr. Cho as "a criminal" and "a lunatic," might have offered information to Russia concerning Cho's background and identity, and persistently claim that he was a simple criminal. Besides, the fact that Cho shot and killed three guards when entering the Russian Embassy and carried a pistol at all times, made Russia's position difficult in accepting him as a normal defector seeking political asylum. If Russia determined Cho was a criminal, it would have been natural to turn him over to North Korea according to international practices, aside from the agreement on cooperation for judicial affairs which is still in effect between North Korea and Russia. Nevertheless, one may question why Russia permitted North Korea to mobilize special troops without going through normal procedures of extraditing a criminal. One may assume that an "emergency situation," in which Cho endangered the safety of the Russian Trade Office's staff while refusing the demand of the Russian Embassy to disarm himself, might have taken place.

Another assessment is: Russia's action might have been prompted by political calculation. Russia took into consideration its relations with North Korea, which have cooled since the ROK established diplomatic relations

with the former Soviet Union in 1991. Thus, Russia tried to find a clue to improving its relations with North Korea by allowing the North Korean side to settle the incident according to its own judgment. [passage omitted on how the former Soviet Union handled North Korean defectors in the past]

**ROK: Foreign Countries 'Strongly' Urge Opening of Fruit Market**

*SK1502064196 Seoul YONHAP in English  
0607 GMT 15 Feb 96*

[FBIS Transcribed Excerpt] Seoul, Feb. 15 (YONHAP) — Foreign countries are strongly calling for South Korea to open its fruit market wider.

The Ministry of Agriculture, Forestry and Fisheries said Thursday that at present, 13 nations are asking South Korea to ease quarantine standards to allow their 20 fruit items into the country.

The 13 nations are the United States, Chile, Australia, the Philippines, Thailand, Israel, Taiwan, Japan, Italy, the Netherlands, Spain, New Zealand, South Africa.

America has been pressuring South Korea to open its market to papayas, walnuts, apples, peaches, pears, apricots, plums and nectarines since 1988.

America is reportedly offering bilateral negotiations while insisting that the nation's quarantine is too strict.

But, the ministry said it cannot permit American fruit imports because of fruit flies and codling moths.

Australia is also seeking to import apples, oranges, pears, peaches, plums, cherries, mangoes, grapes and nectarines. But they also have a problem with Mediterranean fruit flies.

Japan's apples were also prohibited last year because of the Manchurian apple moth.

The other nations asking that the market be opened are: New Zealand for apples, cherries, apricots, plums, peaches and seed potatoes, Taiwan and Thailand for mangoes, Israel for oranges, potatoes and grapefruits and Chile for kiwi.

Italy has asked Korea to import oranges, lemons and kiwi, the Netherlands made similar requests for tomatoes and pimento, and Spain is looking to send lemons and grapefruits.

South Africa is hoping to import grapes, lemons, grapefruits, oranges, apples and plums. [passage omitted]

**ROK: Government To Send Additional \$200,000 to PRC Earthquake Victims**

*SK1502080596 Seoul YONHAP in English  
0711 GMT 15 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 15 (YONHAP) — South Korea decided Thursday to donate an additional 200,000 U.S. dollars worth of relief aid to the quake-stricken Chinese Province of Yunnan, Foreign Ministry spokesman So Tae-won said.

Seoul had already provided 100,000 dollars of relief goods there last week.

The Korea International Cooperation Agency will send tents, blankets, winter clothes and daily necessities to China's Ministry of Civil Affairs for the quake relief effort, the spokesman said.

**ROK Supports Russia, Mongolia Joining APEC Energy Round**

*SK1502041496 Seoul THE KOREA HERALD in English 15 Feb 96 p 8*

[FBIS Transcribed Text] Korea will render positive support for moves by Russia and Mongolia to participate in the Asia-Pacific Economic Cooperation (APEC)'s Energy Working Group as informal members, the Ministry of Trade, Industry and Energy said yesterday.

The working group has been holding two working-level meetings a year since 1990 and experts' conferences in five major areas — energy demand-supply, energy technology, energy and environment, energy conservation and efficiency and development of mineral resources.

At this year's meeting in particular, the participants are expected to work out action plans for liberalizing trade and investments and enhancing economic and technological cooperation in the energy and resources sectors, ministry officials said.

By allowing resource-rich Russia in the energy group, Korea hopes to obtain energy-and resource-related information and technology easily, the officials said.

"In the long run, the government hopes that it would establish better cooperation with Moscow to improve Russia's poor administrative institutions and insufficient infrastructure for Korea's development of gas mines in Sakha and Irkutsk," the official said.

Korea completed the feasibility study for the two gas mines which have estimated reserves of 1.58 billion tons and 650 million tons of natural gas, respectively, last December.

Russia's proposed participation in the APEC's working group activities requires the consent of all member

countries as well as the approval at APEC's Senior Officials' Meeting (SOM). Actual participation is likely to be possible after the 12th working group meeting in May.

The 18-member forum decided in 1994 not to admit any new members for three years, thus it would be impossible for Moscow to be a full member until 1998, he said.

**ROK Trade Deficit Totalled 10.061 Billion Dollars in 95**

*SK1502073196 Seoul YONHAP in English  
0624 GMT 15 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 15 (YONHAP) — South Korea's trade deficit exceeded 10 billion U.S. dollars for the first time in the nation's history last year.

The Korean Customs Administration (KCA) reported Thursday the nation's customs-cleared trade deficit amounted to 10,061 million dollars in 1995, with exports registering 125,058 million dollars and imports 135,119 million dollars.

Exports were up 30.3 percent from 1994, the fastest yearly growth pace since 36.2 percent was recorded in 1987.

Imports grew even faster at 32 percent, the highest since they shot up 35.8 percent in 1979.

Leading products among the nation's exports were automobiles (up 57.5 percent from 1994), chemicals (46.6 percent) and electronics (44.3 percent), while steel products, machinery and electric and electronic equipment led the growth in imports with increases of 42.9 percent, 36.4 percent and 35.6 percent, respectively.

South Korea suffered the widest trade imbalance with Japan last year, finishing 15,557 million dollars in the red, and the nation's deficit with the United States soared almost six-fold from 1994 to 6,273 million.

On the other hand, the nation enjoyed a trade surplus of 18,961 million dollars with Southeast Asian countries, 3,451 million with Latin America, and 1,743 million with China. South Korea also finished 19,006 million dollars in the black in its trade with developing nations.

The trade deficit in January shot up 778 million dollars from the same month last year to 1,979 million dollars, with exports totaling 10,067 million and imports 12,046 million, the KCA said.

A KCA official noted that most imports up to January were intermediary products needed to manufacture export goods and industrial equipment to enhance production. He added that the nation's trade, despite incurring

a deficit, would still contribute to expanding the economy's growth potential.

**ROK Foreign Ministry Policy Advisory Committee Convenes 14 Feb**

*SKI402112296 Seoul YONHAP in English  
0720 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — The Foreign Ministry's Policy Advisory Committee convened Wednesday to discuss major foreign issues for 1996 with Foreign Minister Kong No-myong and other officials attending. Spokesman So Tae-won said.

The major issues include South Korea's United Nations Security Council activities, ongoing negotiations with the United States to revise the Status of Forces Agreement (SOFA), and the first summit of Asian and Europeans leaders in Bangkok in early March.

The committee consists of 20 professors and senior journalists who advise the Foreign Ministry on national security and diplomacy, trade and economy, and unification issues.

**ROK: Iran Still Owes Domestic Builders \$60 Million for Exports**

*SKI402112396 Seoul YONHAP in English  
0556 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — Domestic builders are reportedly still owed 60 million U.S. dollars for exports delivered to Iran between the end of 1993 and the present.

The Ministry of Construction and Transportation said Wednesday that there are 25 Korean companies, six conglomerates and 19 small firms, still owed money by Iran.

Samsung is owed 19 million dollars, followed by Kolon at 9 million dollars, Hyundai at 7 million dollars, Taedong at 6 million dollars, and Hyosung at 3.6 million dollars.

The 19 small firms are owed a combined total of 2.8 million dollars. [figures as received]

The ministry reported, however, that the Middle East country has already agreed to repay 43 million dollars of this amount and 3 million dollars in claims have already been settled.

The 8-year-long Iran-Iraq War in the 1980s made it impossible for Iran to control its foreign exchange, and eventually led to outstanding balance, ministry officials said.

"Although domestic companies have not had a good export experience with Iran thus far, prospects for

the Middle East country are bright since the country has almost completed its postwar reconstruction work," official explained.

**ROK: BOK Says Nation Trails Other Economies in Product Specialization**

*SKI402115296 Seoul YONHAP in English  
0805 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — The South Korean economy lags behind advanced economies in product specialization, according to a Bank of Korea [BOK] report published Wednesday.

The output of secondary- or by-products expressed as a percentage of a company's total production, South Korea stood at 5.7 percent in 1993, compared with 6.3 percent for the United States, 4.7 percent for Japan and 5.1 percent for the United Kingdom.

This ratio is a measure of a company's product specialization: The higher the ratio, the lower product specialization.

The ratio was 14.6 percent for the precision machine industry, 11.6 percent for electric-electronics appliances, and 10 percent for transport equipment, indicating that these industries were low in product specialization.

The nation's imports and exports accounted for 12.1 percent and 11.7 percent of the domestic demand and production, respectively, compared with the comparable figures of 10.7 percent and 12.1 percent for the United Kingdom, 13.2 percent and 11 percent for Germany, 4 percent and 5.7 percent for the United States, 5.2 percent and 4.7 percent for Japan and 17.7 percent and 15.7 percent for Taiwan.

The manufacturing industry accounted for 46.9 percent of the gross domestic product and the service industry for 34.9 percent.

In the manufacturing sector, heavy industry accounted for 68.9 percent of the total output and light industry the remaining 31.1 percent.

The ratio of value added vis-a-vis the total production stood at 47.2 percent in 1993, compared with 44.6 percent for Taiwan, 51.6 percent for Germany, and 55.9 percent for the United States.

**ROK: Foreign Businessmen Note Trade Groups' 'Discriminatory Practices'**

SK1502040296 Seoul *THE KOREA TIMES* in English  
15 Feb 96 p 9

[By staff reporter Yi Chang-sop: "Western Bizmen Monitoring Collusion Between Government, Associations"]

[FBIS Transcribed Text] Western businessmen are closely monitoring the Korean government's continued use of private institutes and industry associations to draft laws and regulations.

They said the laws and regulations to be drafted through "collusion" between the government and trade associations might be biased against foreign investments, goods and services.

It is not foreign businessmen alone who are criticizing the government for asking private institutes and industry associations to make laws and rules.

A private research institute economist said that at all times, during his own research work, the government including the Blue House, will ask his and other institutes to come up with reports and recommendations. He complained, "we are doing what government officials should do." In some cases, high ranking government officials speak on specific economic issues written by private research institutes without any adaptation, critics said.

Foreign executives also point out a set of discriminatory practices many trade and industry associations adopt to the disadvantage of non-Korean players.

The American Chamber of Commerce in Korea (AmCham) in its latest bulletin used the Korean life and non-life insurance associations as examples in their complaints over the alleged discriminatory practice.

It said, "Not being full members of the highly influential industry trade associations, foreign insurers are not privy to the same level of regular interaction and timely communication with regulatory authorities."

AmCham said these officially recognized industry trade associations should revise their membership fee and voting structures so they do not discriminate but, rather, encourage foreign participation.

It said furthermore, foreign insurers should be allowed equal opportunities to participate in various attractive and expanding insurance pools, covering government infrastructure and marine business. It added according equal treatment to foreign participants must mean equal access to regulatory information and markets, including

ensuring that equal rights and opportunities are extended by trade associations.

AmCham said the Korean insurance market is heavily concentrated with the top six domestic companies representing over 76 percent of the life insurance sector and 70 percent of the non-life insurance sector. These large insurers also dominate trade association activity, it said.

But government officials said foreign insurance companies have been allowed to become full members of both life and non-life insurance associations in Korea. But many Western businessmen suspect that the Korean industry and trade associations introduce new "hidden" barriers in various types of regulations for market protection against non-Korean competitors although they are alleged to be open to international players on an equal footing with Korean competitors.

The Fair Trade Commission (FTC) said it has been investigating a total of 6,300 trade and industry associations across the country to check out whether they maintain codes, rules and informal guidelines that restrict competition, discriminate against non-members, are arbitrary in setting membership fees and preventing free entry or exit.

According to FTC's Pak Chun-kil, last year a total of 140 Seoul-based associations were checked and they were told to rectify 246 "unfair" codes and practices.

The Commission will continue the probe into the other associations to make them behave according to fair and transparent rules.

In some cases, he said a few associations, without reporting to the commission, hide prejudicial codes which seal off their existing members.

**ROK Government To Allow in 20,000 More Foreign Trainees in 1996**

SK1602114196 Seoul *YONHAP* in English  
1044 GMT 16 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — The government on Friday decided to allow in 20,000 foreign industrial trainees this year with a view to easing an acute manpower shortage among small industries.

An inter-ministry meeting agreed to assign the foreign workers to be invited this year to small industries with emphasis on the manufacturing sector.

Unlike in the past, those farm, livestock and fishery goods processing firms with the records of exports exceeding specific amounts will be eligible to have foreign workers.

Industries which have five or more all-time production-line employees and which have been in operation for more than one year will be qualified to apply for the allotment of foreign workers.

In the past, only those which were in more than two years' operation and had 10 or more all-time workers could have foreign industrial trainees.

At present, foreign workers in South Korea are known to exceed the 50,000 level. They are mostly from southeast Asian countries.

Thursday's meeting, chaired by Vice Justice Minister Kim Tae-chong, was attended by senior officials from the Finance-Economy, Foreign and Labor Affairs Ministries, Small Industries Administration, Agency for National Security Planning and National Police.

#### **ROK: German Economic Minister Urges Economic Cooperation**

*SK1702040796 Seoul THE KOREA TIMES in English 17 Feb 96 p 8*

[By staff reporter Kwon Tae-yung]

[FBIS Transcribed Text] German Economic Minister Guenter Rexrodt said yesterday that his country is willing to transfer high technology to Korea as a way of promoting economic cooperation between the two nations and that Germany is more prepared to do this than any other country.

In a news conference at the Hilton Hotel, downtown Seoul, he said Germany wants to "improve overall economic relations between our two nations and we are well positioned to offer its technology to Korea in order to increase bilateral trade and investment."

He went on to say that German firms are interested in participating in Korea's large-scale infrastructure projects such as the construction of power plants and transportation facilities with Korean companies.

Viewing the current Korean-German economic relationship as being in relatively good terms, Rexrodt, however, said, "There is still much room for improvement."

He mentioned that Germany still has several issues to take up with the Korean government such as taxation, easing regulations on the importation of its medicines, wider opening of the financial market and the protection of intellectual rights.

And improvements in these matters are not only important for German companies here but also essential for Korea to join the OECD (Organization for Economic Cooperation and Development), he added.

He said, "We generally support Korea's bid to join the OECD and it's our wish that Korea becomes a member of the club of wealthy countries within this year."

Because Germany has just privatized the state-run companies of former East Germany in the process of reunifying the country, he said, it can help Korea with its privatization programs.

He is the first German minister of economics to visit Korea since German reunification.

He recommended Korean companies invest more in eastern Germany, saying that it has a favorable investment environment.

On the high-tech sector, he suggested that Korean and German companies should advance into third nations after they set up joint ventures.

Minister Rexrodt arrived in Seoul Thursday on a two-day visit. During his visit, he initiated the establishment of the Korean-German Committee for Industrial Cooperation (KGCIC) Thursday, joined by top Korean economic leaders. The committee will meet on an annual basis or as often as needed with the meetings to alternate between Korea and Germany.

He also had extensive discussions with Deputy Premier-Minister of Finance and Economy Na Ung-pae, and Minister of Trade, Industry and Energy Pak Chae-yun, as well as other high-ranking officials and business leaders during his visit.

#### **ROK: Firms Increasingly Setting Up Subsidiaries in PRC**

*SK1702051296 (Internet) The Chungang Ilbo WWW in English 17 Feb 96*

[FBIS Transcribed Text] An increasing number of Korean companies are seeking to participate in the Chinese market. According to the Bank of Korea, domestic companies (excluding financial institutions) established 95 subsidiary companies (branch agencies and offices) in China last year while only 28 were established in the United States.

In sharp contrast to this new trend, the number of subsidiaries established in Japan decreased by 4. The United States, however, still ranks first as the place where the most number of subsidiary companies have been established by Korean industry followed by Japan with China rapidly catching up with these two countries.

The total number of Korea's overseas subsidiary companies reached 3,554 as of last year's end.

**ROK Minister Discusses Natural Gas Imports With Qatari Counterpart**

*SK1502042896 Seoul THE KOREA HERALD in English 15 Feb 96 p 2*

[FBIS Transcribed Text] Foreign Minister Kong No-myong asked for South Korea's participation in developing gas fields in Qatar when he met with his counterpart from the Gulf state, Sheikh Hamad bin Jaber Al-Thani yesterday.

He made the request as one of the conditions on South Korea's additional imports of liquefied natural gas (LNG) from Qatar, according to officials at the South Korean Foreign Ministry.

Hamad's visit to Seoul was mainly aimed at asking South Korea to import an additional 3 million tons of LNG from Qatar a year.

He arrived in Seoul Tuesday for a two-day visit.

Under a contract signed last October, Qatar is to deliver 2.4 million tons of LNG to South Korea annually for 25 years from 1999.

Qatar has the world's third largest gas deposits which can provide 15 million tons of LNG annually for over 300 years.

South Korea also imported \$180 million worth of crude oil, or about 1.8 percent of the total amount, from the Gulf state last year.

During their meeting, Kong and Hamad agreed to step up efforts to expand economic and trade cooperation between the two countries.

In particular, the two ministers agreed to exchange trade delegations more frequently and activate a joint economic commission between the two sides, South Korean Foreign Ministry officials said.

Kong also appreciated Qatar's support for South Korea's entry into the U.N. Security Council as a nonpermanent member.

He expressed hope South Korea and the Gulf state would further strengthen their friendly ties, the ministry officials said.

South Korea and Qatar set up diplomatic relations in 1974.

The officials said Kong and Hamad also exchanged views on regional situations in Northeast Asia and the Middle East.

Before holding talks with Kong, Hamad met with Trade Minister Pak Chae-yun and Han Kap-su, president of the

state-run Korea Gas Corp. earlier in the day to discuss energy and other economic cooperation.

Hamad especially asked for South Korea's additional import of LNG from his country.

The Qatari minister paid a courtesy call on President Kim Yong-sam Tuesday shortly after his arrival in Seoul.

**ROK: First Session of Chon Tu-hwan's Trial Set for 26 Feb**

*SK2102075596 Seoul YONHAP in English 0743 GMT 21 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — The criminal division of the Seoul District Court said Wednesday that it plans to hold the first session of trial on the graft case involving former President Chon Tu-hwan on Feb. 26 as originally scheduled.

The court said, "Since Chon's attorneys have not yet submitted a written request to postpone the trial, with only five days left, we plan to start the trial as scheduled."

Chon was indicted last month on charges that he received 218.9 billion won (about 281 million U.S. dollars) in bribes from businessmen during his 1980-1988 presidency. Chon was also indicted on military mutiny charges late last year.

Like any other trial, the session will start with identification of the accused and then prosecutors will begin questioning him about the charges, the court said.

"However, we have not yet decided if the court will directly ask Chon supplementary questions," a judge said.

In regard to Chon's reported confession to giving 88 billion won to some politicians and journalists after he resigned as president, the court said that the judges in the court have not yet discussed whether to inquire into it.

**ROK: More Arrests Expected in Coup Case**

*SK1702054196 Seoul YONHAP in English 0227 GMT 17 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 17 (YONHAP) — With the Constitutional Court's ruling Friday that the May 18 special law is constitutional, legal proceedings against several more people involved in the 1979 putsch are expected early next month.

A prosecution source said Saturday that Chang Se-tong and Choe Sae-chang, for whom arrest warrant

issuance was postponed pending the court's decision, are expected to be arrested by the end of next week.

Both played key roles in the coup led by former Maj. Gen. Chon Tu-hwan. Chang led the 30th Security Group of the Capital Garrison Command and Choe headed the 3rd Airborne Brigade.

Pak Chun-pyong, former commander of the Army's 20th Division who led his troops into Seoul to support the coup is also scheduled to be arrested.

The prosecution has already decided to indict Pak with physical detention on charges of major military rebellion, but has yet to seek an arrest warrant for him.

The prosecution also plans to indict without physical detention Cho Hong, former military police commander of the Capital Garrison Command, his deputy Sin Yun-hui, and Pak Chong-kyu, 15th Battalion commander of the 3rd Airborne Brigade.

The three are suspected of killing or attempting to kill their immediate superiors while aiding the coup forces.

#### **ROK: Yi Hoe-chang Moves To Expand Role During Elections**

*SK1402051796 Seoul CHOSON ILBO in Korean  
13 Feb 96 p 6*

[Report by Kim Chong-hyok]

[FBIS Translated Text] Former Prime Minister Yi Hoe-chang said on 12 February: "Merely making a stumping tour in specific areas in the upcoming parliamentary elections will not be my role." By saying so, he expressed his intention to assume the control of the overall operation of the Election Campaign Headquarters.

How party leaders will react to his remark remains to be seen, because it is somewhat contradictory to the New Korea Party's [NKP] original plan to have him devote himself only to making campaign speeches for ruling party candidates.

Yi made this suggestion when he received a report from Representative Kang Yong-sik, chairman of the NKP Planning and Committee, and other ranking officials on the party's preparations for the next parliamentary elections. It has been learned that Yi asked for a list of electoral districts where he is supposed to speak during the stumping tour.

Prior to this, NKP Secretary General Kang Sam-chae said: "Former Prime Minister Yi will chair meetings of the Election Campaign Headquarters on a few occasions, because his schedule during the stumping tour will be very tight."

Former Prime Minister Yi pointed to some problems with the party's election strategy, saying: "In general, everything is going well, but what the party has been doing is not what the people want it to do."

Yi's move is construed as trying to expand his role in the management of the government party during the forthcoming parliamentary elections. He has been designated chairman of the NKP Election Campaign Headquarters.

#### **ROK: Two Former NSP Staffers Join Opposition Party**

*SK1402051796 Seoul CHOSON ILBO in Korean  
13 Feb 96 p 6*

[Report by Kim Min-chol]

[FBIS Translated Text] Former officials of the Agency for National Security Planning [NSP] have recently joined the National Congress for New Politics [NCNP], one after another. Pak Sang-kyu and Kang Tong-yon, former minister at the ROK Embassy to Saudi Arabia, had worked at the NSP before joining the NCNP as founding members. Pak is now vice president of the party. Min Pyong-so, who had served as director of the NSP's Kangwon Provincial Chapter, received a letter of appointment as a district chapter chairman on 10 February.

Min plans to run in the April parliamentary elections in the Kapyong-Yangpyong constituency of Kyonggi Province. He graduated from the College of Law of Korea University and joined the Korean Central Intelligence Agency [KCIA] in 1967. Min worked for the NSP for 28 years, as director general of the General Affairs Bureau and director of the Inspection Office. He resigned to run for the parliamentary elections while serving as chief of the NSP Kangwon Provincial Chapter in November last year.

He said: "It is my basic right to turn in my resignation and choose a party I prefer, because the NSP is not a political group." He also said: "I have decided to join a party because it would be to my disadvantage in many respects if I ran in the election as an independent candidate." He also said: "If my joining an opposition party becomes a topic of conversation, this is proof that our country's democracy has yet to get on the right track." He added, "Please do not look at me as being strange, but as being normal." He went on to say: "If I succeed in entering the National Assembly, I would like to contribute to achieving national reunification."

Kang Tong-yon chiefly handles anticomunist and overseas affairs. Kang was assistant to Yi Hak-pong when Yi was second deputy director of the NSP.

He said: "I have decided to join the NCNP because opposition parties seem to need a man like me, who had a career in an intelligence agency." He hopes to obtain the party ticket to vie for a parliamentary seat in either the Kangdong-A district, Seoul, or in his hometown, Naju, South Cholla Province. NCNP Vice President Pak Sang-kyu, who joined the party after serving as president of the Small Business Federation, worked in the KCIA in the 1960's.

These two people followed the footsteps of Representative Yi Chong-chan, who is also an NCNP vice president and who worked as director general of the KCIA's General Affairs Bureau and director of the Planning and Coordination Office before entering politics.

#### **ROK: Envoys Meet Local Officials, Businessmen To Discuss Markets**

*SK1402113996 Seoul YONHAP in English  
0737 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — The country's overseas envoys attended numerous meetings with local government officials for the second consecutive day Wednesday to come up with ways to help local governments penetrate overseas markets, the Foreign Ministry said.

During the meetings, which were held in various provincial government offices, the envoys agreed that they need to focus on collecting information that can be used by small and medium businesses, a ministry spokesman said.

They also agreed on the need to coordinate seminars abroad for local businesses to help encourage investment.

Local businessmen also asked that the envoys invite politicians and prominent businessmen from foreign countries to visit local governments and businesses in South Korea to foster mutual understanding.

#### **ROK: Chairman of NKP'S Election Committee Holds News Conference**

*SK1402113896 Seoul YONHAP in English  
0709 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — Yi Hoe-chang, the newly-appointed chairman of the Election Campaign Committee of the ruling New Korea Party (NKP), said Wednesday that "the basis and precondition of political stability" is that the ruling party emerges from the April elections as a majority party.

At a press conference held at the NKP office after he formally assumed the helm of NKP campaign, the former prime minister emphasized that the government

would face difficulties pursuing its reform policy if the ruling party became a minority party as a result of the coming general elections.

Commenting on opposition leader Kim Tae-chung's appeal for a sufficient number of parliamentary seats for his National Congress for New Politics to "check the NKP's constitutional amendment scheme," Yi said he could hardly agree that the constitutional order should change or reversed as a result of the elections from the viewpoint of democratic principles.

"I doubt this is going to be an issue in the coming elections," he added.

The April elections are very important in that they will decide whether or not the government will continue its social and political reform efforts, he stressed.

If the government and its ruling party continue the ongoing reform programs which give people hope for the future, the result of the coming election will be "good," he remarked.

The April elections should be taken not simply as a quadrennial political event but as a historical milestone that highlights a strengthened democracy of a country that is on the threshold of becoming an advanced nation, he stressed.

The result of the coming elections will be a guide to what the country will be like in the future, he stressed.

Asked about his job as chief campaign manager, Yi said, "Going on the stump is my important job, but bringing the importance of the elections to the public's attention and explaining the ruling party's election pledges to the voters so that they can understand and support us are also important to me as campaign chairman."

#### **ROK: New Korea Party Appoints Key Officers for Election Campaign**

*SK1402051696 Seoul YONHAP in English  
0428 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — The ruling New Korea Party shifted its structure and operation into an election footing Wednesday to prepare for the upcoming April 11 general elections by appointing key officers to man its electioneering arms.

Former Prime Minister Yi Hoe-chang was named chairman of the Central Election Campaign Committee, ex-lawmaker Pak Chang-chong chairman of the Metropolitan Election Campaign Committee, Party Secretary General Kang Sam-chae director of the election campaign headquarters, and Kim Chol, presidential secretary for political affairs, spokesman for the Central Committee.

The government party now plans to manage its electioneering activities from the election committee headquarters, and launch get-out-the-vote drives in Seoul and adjacent Kyonggi Province under the leadership of two recently recruited political heavyweights Yi and Pak.

After paying his respect to his ancestors tombs in Yesan, South Chongchong Province, Thursday, Yi will begin his campaigning in the Chongchong Provinces, the political power base of the conservative opposition United Liberal Democrats, led by Kim Chong-pil.

The majority party plans to inaugurate its Central and Metropolitan Committees simultaneously in late February, prior to President Kim Yong-sam's departure for a tour of Singapore, India and Thailand, according to party sources.

Former Prime Minister Yi Hong-ku, Reps. Yi Mansop, Kwon Ik-hyon and Hwang In-sung and a few others are expected to be named advisors to the Central Committee.

#### **ROK: Parties in 'Fierce Competition' To Attract Young Voters**

*SK1702042896 Seoul THE KOREA HERALD  
in English 17 Feb 96 pp 2, 10*

[Article by staff reporter Choe Sung-chol: "Rival Parties Strive To Attract Young Voters"]

[FBIS Transcribed Text] Voters in their 30s and 40s are expected to sway the National Assembly elections in April. But those in their 20s, the largest voting group, may wield less clout than expected.

According to a recent survey of voters across the nation conducted by the Ministry of Home Affairs, voters in their 30s and 40s make up as many as 46 percent of the total of some 31 million eligible voters.

The poll shows the number of voters who are in their 30s and 40s has increased by 2 percentage points for the past four years after the previous elections in 1992. By contrast, the number of voters in their 20s has decreased to 28.6 percent from the preceding 30.1 percent. But what makes voters in their 30s and 40s more noteworthy is their commitment to the voting process.

Another recent poll of 13,000 Seoul voters conducted by a vernacular mass-circulation newspaper, the CHUNGANG ILBO, reveals that 58 percent of the respondents in their 30s and 64 percent in their 40s said they are very willing to cast a ballot in the upcoming elections.

According to the survey, however, only 47 percent of respondents in their 20s said they will participate in the elections.

Mindful of their plausible clout, rival parties are set to stake most of their energy on winning the hearts of the young voters. They believe these voters hold the key to victory in the elections.

So it is natural that they are in fierce competition to recruit as many fresh figures as possible to look more appealing to the young voters.

The ruling New Korea Party (NKP) has invited a number of reform-minded figures into its fold, hoping they will capture young voters' attention and boost its chances of winning the elections. That is in contrast to the past ruling parties' election strategies, which concentrated on winning conservative voters in their 40s and above.

The NKP's policy shift in targeting voters is based on its conviction that a series of successful reform drives since President Kim Yong-sam's inauguration have changed the traditional tendency of young voters to prefer opposition parties' candidates to those from the ruling camp in elections. Aiming at young voters, the ruling party plans to display its youthful candidates in the foreground and have them publicize the fruits of President Kim's anticorruption campaigns for the last three years.

Among them are Yi Chan-chin, 31, a Korean "Bill Gates" and president of a leading Korean word-processor manufacturer, Sim Chae-chol, 39, a former TV reporter, and Kim Yong-chun, 34, a former student activist.

Kim Yong-son, a vice spokesperson for the NKP's soon-to-be-launched campaign headquarters, said that her party will form an auxiliary campaign team the "New Korea Party Youth Plaza," to woo voter support from young people. Kim, 36, a lawyer, is one of the additional reinforcements the ruling party recently admitted to lure young voters into its fold. The team, she said, will arrange casual gatherings to provide young voters with opportunities to talk with the party's candidates to run in the April elections.

The main opposition National Congress for New Politics (NCNP) was quicker than the ruling party in targeting young voters. It has already launched a task force called "Green Camp 21." The team, which consists of candidates in their 30s and 40s, came out as part of the party's election strategy to sponge floating young voters.

It has commenced its operation Wednesday by launching a campaign, "Let's Safeguard the Economy." It will be followed by a series of campaigns addressing concerns that young voters are interested in, such as environmental issues and traffic safety issues.

Rep. Yi Hae-chan, chief campaign manager for the party, said, "This group of generation X, or new generation, voters is like a rugby ball because it could bounce in any direction."

Yi said these young voters place much weight on a candidate's image, as last year's local elections demonstrated. His party will therefore focus on improving the image of his party's candidates, he said.

Another opposition party plans to promote itself as the cleanest and most democratic party to young voters, many of whom are fed up with corrupt and boss politics by three Kims—President Kim, opposition leaders Kim Tae-chung and Kim Chong-pil. The minor opposition Democratic Party (DP) plans to build up its image as the only political party free from corruption and boss politics. It plans to make the most of its reform-minded politicians, who are popular among young voters. Among them are Reps. Yi Chol, 47, and Pak Kye-tong, 43, who uncovered a mammoth slush fund amassed by former President No Tae-u.

"Earning votes from people in their 20s and 30s is crucial for us in winning the elections," said Rep. Hong Ki-hun, chief campaign manager of the DP, "Because they are less stricken by regionalism and we lack regional support."

The conservative small opposition United Liberal Democratic (ULD), which is vowing to become the largest opposition force in the elections, also feels the need to draw support from young voters. But the ULD, which draws support mainly from old and conservative voters, is at a loss how to attract young voters as well, who pay scant attention to its candidates, most of them in their 50s and 60s.

#### ROK Deputy Foreign Minister Named Senior Presidential Secretary

SK1702054296 Seoul YONHAP in English  
0132 GMT 17 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 17 (YONHAP) — Deputy Foreign Minister for Political Affairs Pan Ki-mun was Saturday named to serve as senior presidential secretary for protocol, replacing Kim Sok-u, a Foreign Ministry official said.

Pan will be replaced by Ambassador to Egypt Chong Tae-ik, he said.

Pan served as deputy foreign minister for policy planning, director general of the American Affairs Bureau and minister at the embassy in Washington.

Chong also worked as minister in charge of political affairs at the Washington Embassy and director general of the American Affairs Bureau.

Kim Sok-u will be temporarily assigned to the Institute of Foreign Affairs and National Security (IFANS) before taking up an ambassadorial post, the official said.

#### ROK Level of High Technology Lags Behind Advanced Countries

SK1802055896 Seoul THE KOREA TIMES in English  
18 Feb 96 p 8

[FBIS Transcribed Text] The level of high technology in Korea is only about 41 percent of those in advanced countries despite strong improvements in critical sectors like semiconductors, a survey of the nation's specialists showed.

According to the Institute of Industrial Technology Policy yesterday, the Korean industry is also seeking more joint technological development and the training of technical manpower rather than technological transfers.

Institute officials said the relative elevation in the level of Korean technologies is making joint development efforts more effective than simply seeking to acquire foreign technologies through royalties.

At the same time, the survey showed that 67.3 percent of the researchers felt that it is more viable to pursue international cooperation rather than going at it alone in the development of new technologies.

The survey was conducted on 1,500 specialists, including 727 technical experts, to determine the latest trend in the demand for international cooperation in high technologies.

Officials at the Ministry of Trade, Industry and Energy (MOTIE), who analyzed the compiled data, said area in which international collaboration is critical for are [as published] medical equipment and automation and heavy electrical systems.

Other areas in which joint efforts are called for are computers and communications systems, CFC (chlorofluorocarbon) alternatives, measuring control devices, fine chemicals and environmental technologies.

Asked about the most suitable forms of collaboration, 31.4 percent of the researchers cited joint technological development, 24.6 percent the dispatch of technical manpower for training and 17.1 percent technical licensing.

As for countries with which technical collaboration should be sought, 25.6 percent pointed at Germany,

21.1 percent the United States, 19.5 percent Japan, 13.2 percent Russia and 7.6 percent China.

"The survey indicated that there is still a considerable tendency to rely on Japan and the United States for technological support," said Yi Hyon-ku, an assistant director of MOTIE's Industrial Technology Planning Division.

Indeed, 40.8 percent of the respondents said the United States was the most suitable partner for technological cooperation, with 37.8 percent citing Japan, showing that they are most comfortable with the two technological powerhouses.

While the list of countries with which Korean companies feel satisfied about technological collaboration was along similar lines, Japan was way behind, indicating that Japan is increasingly reluctant to transfer its technologies.

On areas of collaboration, Korean industries are looking to the United States for aerospace, automobiles, semiconductors and medical equipment and Japan for machining systems, shipbuilding and electronic components.

Germany is the country to go to for pharmaceuticals and environmental technologies and machinery and France for chemicals and aerospace while Russia is preferred for optical technology applications, MOTIE officials said.

Meanwhile, Korea imported foreign technologies in 9,196 cases between 1962 and 1994 with 4,453 coming from Japan, 2,562 from the United States, 516 from Germany and 363 from France, they elaborated.

#### **ROK: Domestic Demand Cannot Support Economic Soft Landing**

*SK1402120496 Seoul YONHAP in English  
0923 GMT 14 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 14 (YONHAP) — Stimulation of domestic demand will not be an efficient means of supporting a "soft landing" of the country's economy toward the turn of the century, the LG Economic Research Institute said Wednesday.

LG Research Director Dr. Kim Chu-hyong said that relying on domestic demand to spur economic growth would result in high inflation, the worsening of the nation's trade imbalance, and a rise in the market interest rate, which occurred in 1990 and 1991.

The institute was presenting a forum titled, "The Korean Economy Toward the Year 2000" at the Hyatt Regency Hotel in downtown Seoul.

In 1990-91, heavy spending on construction and facilities resulted in high inflation rates (10.1 percent and

9.3 percent, respectively), a trade imbalance for the first time in the nation's industrial history, and a market interest rate which hovered around 20 percent, according to Dr. Kim.

He predicted that there would be a rash of bankrupt firms as well as new ones during the next four years, citing that 13,392 firms, mostly from the service sector, went insolvent last year while 17,245 new firms began operations.

In the year 2000, the won is slated to be 695 won per U.S. dollar and per capita income will have risen to 18,235 U.S. dollars, Dr. Kim said.

On South Korean financial institutions, LG researcher Dr. Yi In-hyong said that depositors here are being lured away more and more to put their money into non-banking institutions, such as securities, investments and insurance and pensions.

He noted that with the liberalization of the Korean financial market, cut-throat competition would result for investors' deposits. With the national economy having greater sensitivity to overseas financial markets, volatility of the market would also ensue, he added.

On the future prospects for Korean industries, LG researcher Dr. Chong Chin-ha said heavy industry, led by computers and related equipment and semiconductors, have a bright future, but that many other sectors, including automobiles, will start their "maturation" or declining phase of the business cycle.

#### **ROK: Supply Administration Allocates Funds for Foreign Purchases**

*SK1502073496 Seoul YONHAP in English  
0627 GMT 15 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 15 (YONHAP) — A total of 858 million U.S. dollars was set aside by the Supply Administration Thursday for this year's procurement of 6,375 foreign items which will be funded by loans from abroad or the country's foreign exchange holdings.

Subway trains and related equipment ordered by the Seoul and Inchon local governments will cost 460 million dollars. Telecommunication equipment will cost 95 million dollars and will be installed by the Information and Communications Ministry, while 82 million dollars has been earmarked for railroad cars and related parts by the National Railroad Administration.

The administration will purchase 740 million dollars, or 86 percent of this year's total, during the first quarter to support stable economic growth, an administration official said.

### **ROK Officials Concerned About Growing Luxury Imports**

*SK1702060596 Seoul THE KOREA HERALD  
in English 17 Feb 96 p 8*

[FBIS Transcribed Text] The imports of luxuries goods are surging, ringing alarm bells for the deficit-conscious government and business officials here.

According to sources, the import growth rate of nonessential, expensive goods, such as fur garments, golf clubs, carpets and diamonds, have recently jumped at a far faster pace than the overall tempo of the foreign purchase increase rate.

In the first 11 month of last year, furs import amounted to \$53.8 million, up 135 percent from the comparable figure of \$26.9 million for the whole of 1994 and way above the overall import rise rate of 34.4 percent the previous year.

Golf club imports also rocketed 250 percent over the cited period to \$50 million worth, compared with the 11.8 percent growth rate in the 1994-1995 period, the officials said.

Cigars are other items which saw their import growth soar by nearly 50 percent from \$190 million to \$280 million, they said.

Gold and diamonds also marked growth rates of 287 percent and 122 percent to \$483 million and \$30 million, respectively.

Among other luxury items recording steep import increases were luminaries (109 percent to \$69 million); fire-resistant bricks and blocks (61 percent, \$51 million); prefabricated buildings (44 percent, \$34 million); skis (73 percent, \$14 million); and water-skis and surfing boards (41 percent, \$2.3 million).

Arts and antiques were no exception, as shown by the sharp increase of picture imports, which registered a 143-percent import gain to total \$26 million, sculptures and statues (42 percent, \$28 million), and stuffing and curios (200 percent to \$170,000).

Officials attributed the across-the-board import surge of articles deluxe to the diversified portfolio management among cash-laden investors after the government banned the use of false names financial and real property dealings.

A series of "mall-made" disasters, financial scandals rooted in the corrupt links between political and economic leaders and forthcoming parliamentary elections have combined to disrupt the frugal mindsets among the people, the officials said.

In a similar context, the Korea Customs Service reported yesterday that the nation's trade deficit exceeded the \$10-billion mark for the first time last year.

It said that exports totaled \$125.05 billion, up 30.3 percent from 1994, marking the highest growth rate since Korean recorded a foreign shipment increase rate of 36.2 percent in 1987. Imports also surged 32 percent, the heftiest jump since 1979 to \$135.1 billion.

Leading this country's export last year were automobiles which saw foreign sales climb 57.5 percent, followed by chemicals (46.6 percent) and electronics (44.3 percent). Imports were led by machinery (36.4 percent), electric-electronic appliances (35.6 percent) and steel goods (42.9 percent), it said.

Korea sustained trade deficits with industrial countries, which were made up for by surplus with industrializing nations, customs officials said.

In January, meanwhile, the customs cleared exports totaled \$10.06 billion, while imports stood at \$12.04 billion, widening the trade shortfall by \$778 million from the same month of 1995 to \$1.97 billion, the figures showed.

### **ROK: Difficulties Predicted in Labor-Management Wage Talks**

*SK1802031296 (Internet) The Digital Chosun Ilbo  
WWW in English 1144 GMT 17 Feb 96*

[Editorial: "Wise Wage Negotiations"]

[FBIS Transcribed Text] Experts believe that wage negotiations this year will be anything but smooth in view of the ever uneasy labour-management relations especially in the midst of social and economic changes and the upcoming election. An irrational approach due to the overheated election campaign could easily affect wage negotiations.

The slush fund of the two previous presidents Chon and No will also negatively affect future wage negotiations. It is likely that labour negotiators will demand for the employees the equivalent of what was given to the former presidents. Also, the intense competition between the established labour group Federation of Korea Trade Unions and the newly formed Korean Confederation of Trade Unions will likely affect the process. However, it is perhaps the current trend of economic downturn which will doom the negotiations the most. This as well as the competition between the two unions will confuse the issues in the negotiations.

Another factor which will lead to unstable negotiations is the conflict between management and labour

regarding the number of work hours. Federation of Korea Trade Unions and Korean Confederation of Trade Unions are demanding weekly work hours of 42 and 40 respectively while the Federation of Managers are opposing this saying it is a de facto wage increase. They are unhappy with even the current work week of 44 hours and are unlikely to budge from that position, making the issue of hours a large hindrance to the successful conclusion of negotiations.

The other big obstacle is a 10 percent gap between the two sides on the issue of wage increase. The labour

groups are asking for 12.2 and 14.8 (Federation of Korea Trade Unions and Korean Confederation of Trade Unions respectively) while the Federation of Managers is willing to concede only a 4.8 percent pay increase. While it is said that they may go as high as 6 percent, the difference still remains wide.

The important issue is the confidence between the two sides. In a difficult economic time, both labour and management should overcome their differences.

### Burma

**Burma: Article Views SLORC's Economic Reforms**  
**BK1902135596 (Internet) BurmaNet News in English**  
**18 Feb 96**

[Article by Khin Maung Win: "Burma's Economy Will Heal Only After Political Reform" from Jan-Feb 96 issue of DAWN Magazine]

[FBIS Transcribed Text] The State Law and Order Restoration Council (SLORC) of Burma, as encouraged by ASEAN nations, is attempting to overcome its political crisis by creating economic development. Economic reforms by SLORC in Burma can not be expected to reproduce the economic development experienced in ASEAN nations. The peculiarities of Burma's situation must be taken into account when considering if economic development in Burma can really be obtained.

Firstly, SLORC and government infrastructure in Burma are not good enough to efficiently run a market oriented economy. SLORC members have expertise in shooting, but are unfamiliar with market economics. Good infrastructure is essential prior to any economic reform and development. Infrastructure and services under the present military government in Burma can not meet the actual needs of economic development. All the ASEAN nations started economic planning and building up infrastructures long ago in the 1960's during the days when Burma was the richest country in the region. China, a country experiencing rapid economic development, started changes and implementation of necessary policies twenty years ago.

Second, a properly functioning legal system and respect for the rule of law also plays an important role. It is needed to enforce laws, through the concept of the rule of law, to guarantee private ownership and the legality of contracts between individuals and private firms. Daw Aung San Suu Kyi, in recent interviews with the BBC (Burmese Service) and AFP, stressed the importance of the rule of law for economic development. Burma is at present incapable of providing not only infrastructure and government services, but also a legal system to meet the standards of a market economy.

Third, a crucial weak point which deters SLORC's economic development is a lack of knowledge by people about the market economy due to the mismanagement of the education system. This is a result of the system of education by the totalitarian regime that forced all the students to learn the so-called Burmese Way to Socialism. The generals of the totalitarian government propagated capitalism as an economy of exploitation and social injustice. On the other hand, the regime provided a planned economic system for everybody in

the country that had to learn in all levels of education. The people who have to play an important role in SLORC's designated market economy are the students who have learnt about nothing but the planned economy for three decades. The education system under SLORC went from bad to worse. Universities, colleges, institutes and all school levels are often closed and reopened depending on the political needs of SLORC. Even schools are often closed in some parts of Burma in order to force the students to work on government projects such as railway construction in Tenasserim region, southern Burma.

An adequate educational program or reform has not yet been designed for a basic knowledge of the market economy. In economically developing countries like ASEAN nations, computer science training and vocational training providing knowledge and methods to run private firms, are occasionally arranged, but not in Burma. Employees in Burmese tourist agencies are not expected to receive proper training; government services are not ready yet, but Visit Myanmar [Burma] Year has come. According to Prof. [Professor] Khin Maung Kyi, a Burmese economist who contributed to Burma Debate Bulletin about Visit Myanmar Year, the promotion will result in negative rather than positive publicity.

Fourth, one obstacle to SLORC's market economy is the regular increase of inflation. There may be several reasons for inflation in other economies but in Burma it is due to high government expenditure. In a market economy, the input of money into the market is ideally balanced with the Gross Domestic Product (GDP). This method, also known as monetary policy, is important in controlling inflation. Burma's GDP declined with the introduction of the planned economy while government expenditure regularly increased because the regime extended its coercive agencies such as the army, police and intelligence networks. As is common in most planned economies, the Burmese Government financed expenditure by printing more money without upholding or balancing the GDP. Finally it results in regular increase in inflation. Burmese totalitarian governments also exercised a unique method to solve the inflation problem. That was to outlaw particular bank notes and this happened three times in thirty years.

Even though some of SLORC indicators show increase of GDP at 6-8 percent annually, assumed GDP increase can not meet government expenses. After SLORC came to power, the extension of the army from 150,000 to 500,000 troops and the increase of military offensives against armed ethnic and democratic groups expended much of the national income; between 50-70%, according to some commentators. It is an obvious fact that the inflation problem has moved from bad to worse under

SLORC due to government expenses exceeding national production. In an interview with the BBC (Burmese Service), Prof. Mya Maung of Boston College, a Burmese economist, emphasized the inflation problem of Burma's market economy as SLORC is injecting more money into the market than the control of monetary policy allows.

When China transformed its economy into a functional market economy, its currency was devalued to lower inflation. Many economist have advised SLORC to devalue the Burmese currency "Kyat" [Burmese currency unit]. Something between the black and official exchange rates is often advocated, the most preferential rate is 60 Kyats for 1 US\$ (official 1 US\$=6 Kyats, black 1 US\$=130 Kyats). SLORC does not dare to devalue because the problem predictable after devaluation. The immediate jump in the price of goods, basic foods and essential services may lead to another mass upheaval. Furthermore, foreign loans will be another big problem.

Fifth, foreign investment cannot increase the number of jobs because the investments being made are neither labor-intensive nor involve technology transfer. SLORC is perhaps expecting too much from foreign investments. Economists like professor Khin Maung Kyi have pointed out that foreign investments in Burma are not labor-intensive industries which create more local jobs, but capital-intensive industries which create few jobs. According to Prof. Khin Maung Kyi 12.7 million US\$ investment in tourism, a capital- intensive industry, will create only 200 jobs while the same amount of investment in an electronics plant or garment factory creates incomparably more jobs. SLORC officers and investors from TOTAL [French oil company] explained to local people how the gas pipeline project, which overall cost of first phase is 1 billion US\$, will create jobs for them: but only a few dozen local people have been employed. Inflation in other economies often coincides with full or a reasonable rate of employment. In contrast, Burma's inflation coincides with a high rate of unemployment. This is proved by the fact that laborers and sex workers are leaving for Thailand, intellectuals are leaving for Singapore, Malaysia, Japan and some Western countries to seek employment they cannot find in Burma.

The assumption SLORC has to agree is not "let-us do" that SLORC can not be able to do, but letting the problem to be solved in the proper way which nature of problem requires. Nonetheless SLORC may know reality, its ego not to accept reality is real problem. Only switching from planned economy to so-called market oriented economy will not easily bring the country into economic prosperity which SLORC is expecting in order to overcome the present political

crisis. Burmese people will not allow the military to control the economy again as successive military governments have controlled last thirty four years — the experiment resulted in Burma becoming one of the world's poorest countries. The present army is still the same army of the last thirty four years. What SLORC must do now is to agree to solve political problems through the genuine dialogues which Aung San Suu Kyi is demanding. Despite the fact that ASEAN nations insist upon economic development prior to any political reforms, Burma must reform politically before any economic reforms stand any chance of turning Burma into a prosperous country. Burma's economy will heal only after political reform.

#### **Burma: Panel Representing National Races Holds Meeting**

*BK1902152896 Rangoon Radio Myanmar in Burmese 1330 GMT 19 Feb 96*

[FBIS Translated Text] The panel of chairmen of the National Convention delegate group representing the national races held a coordination meeting at Meeting Hall No. 1 at Kyaikkasan Grounds in Yangon [Rangoon] at 1000 today.

At the meeting, the participants coordinated and held discussions on the views and opinions of the delegates that were presented to the panel of chairmen.

#### **Brunei, Malaysia & Singapore**

#### **Malaysia**

##### **Malaysia: Foreign Minister To Run for UMNO Vice Presidency**

*96SE0013B Kuala Lumpur BERITA HARIAN in Malay 22 Dec 95 p 2*

[FBIS Translated Text] Alor Setar, 21 Dec—Foreign Minister Datuk Abdullah Ahmad Badawi will run for the UMNO [United Malays National Organization] vice presidency in the party leadership election next year.

He announced his intention last night as he responded to a question from a Kedah UMNO member at a meeting on national foreign policy held by the state UMNO Liaison Committee at the UMNO building.

Abdullah, now a member of the UMNO Supreme Council, is the first senior leader of the party to announce his intention to run for one of the three vice presidency positions.

He was an UMNO vice president in 1984 and held the post for three terms, until he was narrowly defeated in the 1993 party election.

"Although I serve as foreign minister, I never forget my responsibility to the party.

"Therefore, I offer myself as a candidate for the UMNO vice presidency next year in order to continue the party's struggle while serving the country at the same time," he said. His statement was greeted with a roar of applause from the approximately 300 people in attendance.

Speaking afterwards to reporters, Abdullah said that he had submitted his intent to members of the Kepala Batas, Pulau Pinang, Division of UMNO in a recent meeting.

When asked why he had made the announcement here, he said, "When I am asked a question related to the matter, I must give a clear answer. Why should I hide it?"

"I feel this is a good time. Everyone is here, and I have taken the opportunity to tell them of my intention."

In his speech earlier, Abdullah said that Malaysia is always in agreement with other ASEAN members with regard to making the region peaceful, independent, and special.

#### **Malaysia: China Offers Communications Satellite Assistance**

*96SE0013A Kuala Lumpur BERITA HARIAN  
in Malay 20 Dec 95 p 1*

[FBIS Translated Text] The rapid development of the space industry is bringing Malaysia into that field with the expected launching of its first satellite, Measat-1, in early January.

China is prepared to offer cooperation to enhance Malaysian capabilities in this sector, since Malaysia has the ability to compete with other countries.

Yi Shi Yu, director (senior engineer) of the China Aerospace Corporation (CAC) of the Department of Mechanical and Electrical Product Exports, said such cooperation would encompass the making of satellites.

He said the CAC can produce satellites, primarily small transponder satellites, according to the capabilities and requirements of Malaysian control systems and consistent with the purposes of the satellites.

"In fact, CAC also provides satellite launching facilities and rockets. Forty satellites from various countries of the world have used these rocket services," he told reporters on the occasion of the China 95 science and technology products exhibition at the Putra World Trade Center in Kuala Lumpur last week.

About 50 organizations are involved in the exhibition, including the Ministries of Nuclear Power, Construc-

tion, Shipbuilding, Space, Chemicals, and Posts and Telecommunications; firms from various sectors; and research institutions encompassing almost 200 products and technologies.

China is enjoying rapid economic development, of which 30 percent contributes to expansion of science and technology. The country now has more than 18 million science and technology experts, such as professors, engineers, and technicians.

The country now has 52 new high-technology zones, which have had output valued at about 50 billion ringgit in the last four years, and production is expected to rise to 100 billion ringgit by the year 2000.

Yi said, however, that this cooperation can be conducted only through the governments of the two countries and not through specific organizations. In that context, the CAC is always prepared to help Malaysia.

He said the CAC ranks third or fourth in the international space industry, after the United States (NASA) and France (Arianespace).

"The CAC is oriented to the production of telecommunications satellites, such as for weather study, military uses, and resource research. The organization is now among the three main producers of return satellites.

"In 10 years, 17 satellites capable of returning to earth have been launched, and only one has failed to function," he said.

He said that next year the CAC will launch the largest satellite yet, one with 48 transponders and belonging to the World Communications Organization. More than 30 launch contracts will be signed with the CAC in the next five years.

"Most of them involve telecommunications satellites, and 22 of them belong to Motorola," he said.

#### **Malaysia: Government Acts To Reduce Dependency on Foreign Workers**

*96SE0013C Kuala Lumpur UTUSAN MALAYSIA  
in Malay 1 Jan 96 pp 1, 2*

[FBIS Translated Text] Kuala Lumpur, 31 Dec (BERNAMA)—Prime Minister Datuk Seri Dr. Mahathir Mohamed has announced several actions to reduce Malaysian dependency on foreign workers, who are expected to increase to 2.3 million by the year 2000.

As a step in that direction, he said the government plans to train government retirees and housewives for appropriate jobs, both full-time and part-time.

Another step will be to reduce the number of industrial plants that need large numbers of workers and to replace them with capital- and technology-intensive plants, Dr. Mahathir said in his 1996 new year's message, broadcast over RTM [Malaysian Radio and Television] tonight.

"The Malaysian people will thereby have greater incomes, while poverty will be reduced. The government's desire is that Malaysian workers will be paid high salaries, commensurate with the economic development produced by their contribution," he said.

In order to get greater incomes, however, Malaysian workers must be willing to be retrained and to change jobs, without hurting their employers, the country, and the workers themselves, Dr. Mahathir said.

"If our workers are willing to be trained, they are capable of performing high-tech jobs with better pay," he said.

According to the prime minister, it is not right that we should have to import foreign workers while Malaysian people do not have the jobs to improve their incomes.

"We do not want to be like the saying, 'The duck in the water dies of thirst, and the chicken in the barn starves to death,'" he said.

Dr. Mahathir said the great demand for foreign workers is caused by the country's economic success, which forces us to hire them.

As of today, there are 1.2 million foreign workers in Malaysia.

This great demand is also caused by Malaysia's policy to become a nation of manufacturing industries to create enough jobs for the people.

"The number of foreign workers is expected to increase to 2.3 million by the year 2000 if we do not take steps to prevent it," he said.

Dr. Mahathir also said the country could delay development, but that would not resolve the problem of foreign workers.

In his message, the prime minister stressed work as a kind of religious service. Work that saves the nation, religion, and the country is of course an important religious service.

People should not work merely for higher wages, without realizing that the work they do helps to protect the country, he said.

Dr. Mahathir said the peace and prosperity now enjoyed by Malaysia is related to the willingness and ability of its people to work in sectors other than rice farming, rubber tapping, and fishing.

He also reminded the people they are not expected to work to the extent that they forget religious duties. He said they should do both at the same time.

As an example, he said that in poor Islamic countries, religious duties cannot be performed properly; and Muslims who emigrate to other countries because of poverty are also often unable to perform religious duties because of separation from their religion.

As for the relationship between race and progress, Dr. Mahathir said that a nation's progress or decline does not depend on ancestry or color of skin.

He said there are European nations that are very backward and Asian nations that are very advanced. This shows that the progress or decline of a nation depends on its culture.

The prime minister said that each communal group in Malaysia can develop its good values and put them into practice so that those values will be part of the group's culture for generations to come.

He said he sees that the cultures of Malaysian communal groups, especially those of Malays and other Bumiputra [Malays and other indigenous peoples] have changed to adapt to rapidly developing national conditions.

Dr. Mahathir said he is proud of the capabilities and skills the Malaysian people have developed through their efforts to master various sectors. This has enabled the country to become the 13th largest exporter in the world, with almost 80 percent of its exports consisting of manufactured products.

"This is the blessing of God. If people do something repeatedly with concentration and diligence, they will certainly become permanently skilled. In fact, such skills will become a part of culture to be handed down to succeeding generations of their nation," he said.

With regard to 1995, the prime minister said the Malaysian people should be very thankful and should be aware of the prosperity and stability they have enjoyed. These things should not be treated lightly.

He said that if the people are aware of this, they will naturally be thankful to God. May they be blessed with lasting enjoyment.

"As people who know how to be thankful, we not only must avoid nullifying the good things we enjoy but must prove our thankfulness by utilizing those good things.

"As a symbol of our thankfulness for the security, prosperity, and peace we enjoy in our fortunate country, there is nothing better than using our lives and strength, plus our security and job opportunities, to seek to add more enjoyment," he said.

Dr. Mahathir said he wants the people to intensify their determination to bring the country to a higher peak of success through hard work and great discipline and by adhering to our pure values of life.

### Cambodia

#### Cambodia: Government Forces Prepare To Secure Pailin From Khmer Rouge

*BK2002051396 Phnom Penh THE CAMBODIA TIMES in English 11-17 Feb 96*

[Report by Ros Sokhet]

[FBIS Transcribed Text] Phnom Penh — Thousands of government forces backed by T-55 tanks are amassing for a showdown in Pailin as they prepare for a full-scale offensive to wrest the Khmer Rouge economic and military headquarters.

Battambang military commander Colonel Hem Han said the government had reinforced its troops by regrouping more Royal Cambodian Armed Forces (RCAF) men from Siem Reap, Kompong Thom and Takeo provinces.

It had also brought in more heavy weapons for the offensive to flush out the Khmer Rouge, Colonel Han said. However, he said the RCAF was prepared for heavy fighting as intelligence reports showed that the Khmer Rouge was digging in to repel the government offensive.

Colonel Han said about 800 guerillas backed by tanks, mortars, artillery and anti-aircraft guns had been assigned to halt the government forces advance to the guerilla stronghold

"They are preparing to counterattack," Colonel Han said.

He said there were indications that the KR had positioned the six tanks on both sides of National Route 10 which links Battambang to the rebel base. The point is about 21km east of Pailin.

Co-minister of Defence Tie Banh confirmed that the RCAF was fighting and slowly advancing towards Pailin but declined to say when the major offensive would begin.

He said the RCAF was dead serious about retaking Pailin from the guerillas. "Pailin belongs to the Khmer Rouge. [sentence as received] We will not allow anyone to divide Cambodia so we have to take Pailin back," Tie Banh said, underlining the government's seriousness in driving the guerillas out of the area.

He added: "We are launching a long-term offensive to retake Pailin. Warring is not easy and I cannot say when we can capture Pailin. What I can tell you is we HAVE to take Pailin."

Pailin is 80 km west of Cambodia's second largest city, Battambang. The RCAF had captured Pailin in March 1994 but lost it back to the guerillas a month later at heavy cost to lives and equipment.

Colonel Han said: "If we capture Pailin this time we will keep it forever."

He said three RCAF positions had been established with the regional headquarters based in Nimit, 60 km from Pailin. About 3,000 troops and seven tanks were stationed in Nimit.

The other two positions are at Phnum Veng and at the recently captured Khmer Rouge stronghold of An Ma Pass which borders Thailand.

Col Han said there were 2,000 troops at Phnum Veng where an RCAF engineering corp was clearing mines and building a new road to Pailin. Another 1,000 soldiers and four tanks were stationed at An Ma Pass which was captured on January 29.

#### Cambodia: Khmer Rouge Minister on Cabinet Meeting

*BK2002055796 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 19 Feb 96*

[Interview with Mak Ben, minister in charge of rural areas, agriculture, and water conservancy of the Provisional Government of National Union and National Salvation, by an unidentified correspondent on 19 February; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. Would you please tell our compatriots about the outcome of the 19 February cabinet meeting?

[Mak] On Monday, 19 February, the cabinet of our Provisional Government of National Union and National Salvation [PGUNS] heard a report presented by the Ministry in Charge of the Situation in Phnom Penh. The PGNUNS has always been interested in the developments inside Phnom Penh. The PGNUNS holds that only by uniting all the forces of the Cambodian nation and people into a multiform struggle against aggressive, annexationist, and genocidal communist Vietnam and against the communist Vietnamese regime with Hun Sen as the ringleader can the country be liberated from communist Vietnam's diabolical claws.

Not only has the two-headed communist Vietnamese regime with Hun Sen as the ringleader fascist oppressed and persecuted the peasants who have been slaughtered and exploited with impunity, but it has also been dictatorial and fascist toward the entire Cambodian nation and toward the people of all social strata of Cambodia,

including those of the upper stratum in urban areas, the people in the countryside, and the people living abroad. This regime has also been extremely dictatorial and fascist toward journalists, students, political figures, politicians, political parties, and the masses who refuse to align with and become the stooges of communist Vietnam. You can be sure of being constantly oppressed and persecuted by Hun Sen — communist Vietnam's principal hatchetman — who, in the guise of enforcing his fascist laws, would not hesitate to shoot and kill you, find fault with you, send you to the tribunal, or jail you in a most arbitrary manner.

The fascist acts and fascist laws of the two-headed communist Vietnamese regime cannot wipe out the contradiction of journalists, politicians, political figures, students, and the masses whose hearts are permeated with a sense of patriotism and love for freedom, democracy, and justice. By contrast, they can only increase and intensify this contradiction as they add fuel to the seething national anger of the people of all social strata — including those from the upper stratum of the national community — against communist Vietnam and the two heads. This contradiction is not an ordinary dispute over economic interests, ranks, or positions. In essence, this is a national and social contradiction. It is a contradiction stemming from the risk of losing one's race, that is, the danger that communist Vietnam will swallow Cambodia, turning it into another Kampuchea Kraom [ancient territory annexed by Vietnam]. This contradiction is very profound, acute, and life threatening. It constitutes a force, a tremendously powerful force within the entire nation and people, of the people in all social strata, including the peasantry in the countryside and the people of the upper stratum in the cities, united in steadfast solidarity against the communist Vietnamese regime and the two heads. The enemy can never withstand this force.

The superiority of this force is evident. The enemy has pushed the entire nation, country, and people from all social strata into a struggle against him so that the people themselves would survive, the nation would live on, and the race would be preserved forever. The success of the struggle to save the nation and perpetuate the Cambodian people and race depends on the balance of this force.

[Correspondent] Thank you. I would like to pose a question. The two-headed tribunal has said that it would try Prince Sirivut. What is your opinion on this issue?

[Mak] There is no tribunal. There is no law. The Vietnamese and Hun Sen are the law. They can detain, shoot and kill, or try anyone at will. It all depends on communist Vietnam and Hun Sen if a person is to be

tried, convicted, or acquitted. Such an attitude of the enemy cannot help solve the contradiction. It can only deepen this contradiction, as far as the peasantry and the people of the upper stratum are concerned.

[Correspondent] It was reported that the two heads and their boss, the alliance, are appealing for rice to be donated to the two heads. What is your opinion?

[Mak] The traitors, the lackeys of communist Vietnam and the alliance do not care whether the people are starving or not. Their only concern is to serve the hellish policy and strategy of their bosses bent on swallowing Cambodia, massacring our Cambodian people, and exterminating our Cambodian race. They need just one or two bags of rice to lure the people into enlisting as soldiers or to pay them for labor in what they call food-for-work, which in reality is a corvee designed to massacre the people and enable the Vietnamese to swallow Cambodia.

As it is an agricultural country with fertile land and abundant water sources, Cambodia should never starve. The people are dying from hunger in a famine that has dragged on for the past 17 years. Why? It is because of the war, the genocidal war of communist Vietnam, the war that is being carried on by the alliance and the two heads. It is because they have impoverished the countryside and robbed and deprived the people of everything, bleeding them dry by grabbing their land, orchards, fields, ponds, lakes, forests, and all other resources and forcing them to eke out a miserable life with scant food or drink, leaving them to die from thirst and hunger in the most atrocious and pitiful manner.

Communist Vietnam, the alliance, and the two heads have robbed the people of virtually everything and implemented their policy of impoverishing the countryside in order to force our people into enlisting as soldiers and militiamen to be sent to die in the communist Vietnamese war of aggression. So, the two heads have been going around begging for rice and have asked the alliance to give them rice so they can use it as bait to lure our people into enlisting as soldiers and militiamen whom they will send to die in the flames of the communist Vietnamese war. That is how communist Vietnam and its puppets, the two-headed traitors, are killing our nation and people. The rice donated by the alliance is not used as relief for our starving people; instead, it is used to ignite the war against our nation and people. They are killing Cambodians so that the Vietnamese can swallow Cambodia; however, our nation and people know their true nature very well. We know their satanic strategy only too well. Our people, especially the poor peasants, do not need the one or two bags of their rice in exchange for becoming soldiers and militi-

amen to fight and die for them. Our people, especially the poor peasants, can clearly see and understand that in order to survive they must struggle. They have already chosen the path of struggle. They struggle to liberate themselves and to protect their own lives. They struggle to free and take back their land, orchards, fields, homes, rivers, ponds, and lakes on which they used to make a living and to liberate the forests where they used to forage for food and life-sustaining products. This force is moving and shaking everywhere throughout the countryside. It is becoming a tremendously potent force and a firm support for our compatriots in all social strata who are being persecuted, detained, attacked, or jailed by communist Vietnam and its stooge Hun Sen and who are waging a most heroic struggle in Phnom Penh and other cities, inside the enemy lairs, in order to restore democratic rights and freedoms.

[Correspondent] Countries in the region are conducting a forcible repatriation of Vietnamese refugees. How should we deal with the issue of Vietnamese immigrants in Cambodia?

[Mak] Yes, countries in the region, such as the Philippines, Malaysia, Hong Kong, and so on, have defined 1996 as the year to forcibly repatriate the Vietnamese. They are arresting and sending Vietnamese back to Vietnam. The Vietnamese are clinging on and refusing to leave. These countries are using force to drag and push them out. This is because they have unanimously determined that these Vietnamese immigrants are not refugees. So, the law on human rights cannot be applied to these Vietnamese. These countries have the right to use force to repatriate them.

Our Cambodian people also have the right to detain the Vietnamese and deport them from Cambodia like other countries. We have our immigration law as introduced by the PGNUNS. We have on our side the international law that is being implemented by countries that are forcibly repatriating the Vietnamese. We have the forces of our nation and people on our side, which do not want these Vietnamese to swallow up Cambodia and turn it into a Vietnamese province or a second Kampuchea Kraom. The 4 million-plus Vietnamese immigrants currently in Cambodia constitute the fifth column for the implementation of communist Vietnam's Indochinese federation strategy. They constitute a force that is being based in Cambodia in all fields and sectors. The two-headed stooges of communist Vietnam have not solved anything in this regard. What they have been doing is trying to legalize the presence of these 4 million-plus Vietnamese swallows of Cambodia and to open the gates for more Vietnamese immigrants to pour into Cambodia.

The Cambodian nation and people have the same inalienable right as other peoples and countries in the region and the world to detain and deport the Vietnamese.

#### **Cambodia: NADK Says Government To Seize Preah Vihear Via Thailand**

*BK2102023796 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Feb 96*

[Communiqué of the Supreme Command of the National Army of Democratic Kampuchea dated 20 February; place not given]

[FBIS Translated Text] I. According to informed sources in Phnom Penh and in the words of [Khmer Royal Armed Forces Chief of Staff] Ke Kimyan in Battambang, the General Staff of the communist Vietnamese puppets and two heads are cooking up a scheme to use Thai territory in a bid to attack and seize Preah Vihear temple from the Cambodian national resistance forces.

II. The Supreme Command of the National Army of Democratic Kampuchea [NADK] orders all NADK cadres and combatants and our people on the Northern Preah Vihear Battlefield to heighten their vigilance and take in advance all kinds of necessary measures to smash the two heads' plan to seize Preah Vihear temple from the rear. [Signed] The Supreme Command of the NADK [Dated] 20 February 1996

#### **Cambodia: NADK Claims Government To Attack Resistance From Rear**

*BK2102063996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Feb 96*

[Directive issued by the Supreme Command of the National Army of Democratic Kampuchea on 20 February; place not given]

[FBIS Translated Text] Directive on Constantly Heightening Vigilance and Taking Lofty Measures To Prevent the Enemy Attacking From the Rear:

I. According to reliable reports by well-informed sources received by the Supreme Command of the National Army of Democratic Kampuchea [NADK] over the past two months and also based on concrete facts, especially through an order of [Khmer Royal Armed Forces Chief of Staff] Ke Kimyan, we have learned that the two-headed traitors in Phnom Penh, lackeys of communist Vietnam and the alliance, and their General Staff have come to the following conclusions:

1. It was impossible to launch frontal attacks against the national resistance forces from inside Cambodian territory. This was impossible during the 1993-94 dry season and during the 1994-95 dry season. This was impossible in western as well as northern Cambodia.

They admitted that they had suffered heavy losses in terms of personnel, tanks, armored vehicles, artillery pieces, and other weapons to the point that they now do not have enough personnel to send into battle and are seriously short of tanks and artillery pieces. In drafting new troops, they have managed to retain only one out of every 10 recruits, or five out of every 100 recruits [sentence as received].

Therefore, it was evident that during the 18th dry season, from December 1995 to February 1996, the two-headed traitors who are lackeys of communist Vietnam and the alliance have continued to implement the tactic of launching most painstaking frontal attacks against the national resistance forces from inside Cambodian territory but they have failed. Moreover, they have suffered heavy losses in terms of personnel and war material, especially on the battlefields in northwestern Cambodia.

While launching frontal attacks from inside Cambodian territory, the traitorous two-headed lackeys of communist Vietnam and the alliance also organized their forces in small groups and sent them to attack the resistance forces from the rear. They sought out any areas where it would be easy for them to cross into and also to supply logistics. They looked for ways to secretly attack the resistance. Sometimes they violated international law by openly attacking the resistance because they had been badly beaten elsewhere. That is the true nature of communist Vietnam, the true nature of the aggressors. We must firmly grasp their true nature and must never overlook it.

2. Almost four months of the dry season have now elapsed. Not only have the two-headed traitors, the lackeys of communist Vietnam and the alliance, failed in their attacks against the resistance forces but they have also suffered serious losses in terms of personnel and war material. So, the two-headed traitors, lackeys of communist Vietnam and the alliance, have considered taking an alternative to their tactic since it has been impossible for them to continue launching frontal attacks from inside Cambodian territory and since much of their forces have been decimated during the past nearly four months. Given this situation, they have come to the conclusion that in order to terminate the 18th dry season, which will last for only another two months, they must consider attacking the national resistance forces from the rear, hitting them more vigorously than during the

past four months. They have decided that they would launch secret attacks using intelligence groups and fielding from a dozen to even 100 men at a time; however, they have given the order that attacks must be launched at all costs, even openly, against the rear of the national resistance forces. It is for this reason that during the past fortnight frequent troop movements have been detected in the back of the national resistance forces.

II. In light of the aforementioned situation and of the last-ditch order of the traitors who are lackeys of the Vietnamese and the alliance, it is evident that for the past nearly four months their campaign of the 18th dry season has basically been defeated. Consequently, they have looked for ways, both secret and open, to attack the resistance forces from the rear regardless of the international law and the sovereignty of a neighboring country.

All this also proves that they have suffered a very serious defeat and that they are war criminals who have endlessly ignited the war in an attempt to do away with our Cambodian nation and people.

III. For this reason, the Supreme Command of the NADK would like to inform all units of the above situation and beg them to always thoroughly and profoundly study it. At the same time, they are urged to take all kinds of appropriate measures. In particular, they must understand that:

1. It is imperative to intensify the use and production of our strategic arms in addition to the use of land mines, booby traps, detonating mines, and secret guerrilla groups assigned to take turns around the clock to destroy the enemy in advance.

2. It is imperative that all enemy movements in our back are monitored.

3. It is imperative to continue placing the aforementioned strategic weapons and assorted mines at all passes and accesses with no exception.

4. On the front, it is imperative to continue using the attacking tactics whose experiences we have richly gained during both the dry seasons and rainy seasons of the past two years, and particularly it is imperative to effectively and vigorously implement the attacking methods based on the latest combat guidance and the good experiences gained during this 18th dry season so that we always remain in a superior position.

The commanders and combatants both on the front and in the rear are requested to always grasp this directive and implement it in a most energetic manner so as to always dominate and outsmart the enemy. [Signed] The

Supreme Command of the NADK [Dated] 20 February 1996

**Cambodia: Attack on Sisophon-Poipet Battlefield Reported**

*BK2102101996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Feb 96*

[FBIS Translated Text] Here is a report on the continued smashing of the two heads' invading troops and the further destruction of their war materiel on the battlefields of Sisophon-Poipet and West Battambang:

1. Sisophon-Poipet battlefield: On 15 February, the National Army combatants, in cooperation with the poor peasants, intercepted invading forces in areas near the Khai Dan weir, between the Khai Dan weir and Boeng Prama, and between Kop Thom and Boeng Sleng, killing eight enemy soldiers and wounding 10 others.

On 17 February, three enemy soldiers were killed and another wounded when they stepped on our mines in an area, west of Phies Khuon.

In total, we killed or wounded 22 enemy soldiers.

2. West Battambang battlefield: On 15 February, the National Army combatants joined hands with the poor peasants to intercept invading forces in areas between Chonloat Dai and the Khsach weir and west of the Ta Kut monastery, killing 10 enemy soldiers and wounding 13 others. One of their tanks exploded in flames when it went over one of our mines. We also destroyed some war materiel and seized two B-40 rocket launchers.

On 16 and 17 February, five invading enemy soldiers were killed and seven others wounded when they stepped on our mines in an area, north of Ta Kut during an attack jointly staged by the National Army combatants and poor peasants.

In total, we killed or wounded 35 enemy soldiers and destroyed a tank.

**Indonesia**

**Indonesia: Daily Reports Lumber Coming Into Jakarta Illegally**

*96SE0022D Jakarta KOMPAS in Indonesian 3 Feb 96 p 8*

[FBIS Translated Text] Jakarta, KOMPAS—At least 70 percent of the processed lumber comes into Jakarta illegally. It is not accompanied by legal documentation. As a consequence, the state is losing about 5.0 million rupiahs per month in excise duties. To prevent the entry of such illegal wood, the government has undertaken Operation Wana Lestari II in the harbor areas of

Marunda, Sunda Kelapa, Kalibaru, and Tanjungpriok. All of these ports are located in Jakarta Utara [North Jakarta].

Brigadier General Sutiyoso, first deputy chairman of the Team Supervising Controlled Forests (TPHT), discussed this matter when he presented the results of Operation Wana Lestari II before Minister of Forestry Djamarudin Surjohadikusumo, as chairman of the central office of the TPHT; and Surjadi Soedirdja, the governor of Greater Jakarta, as the chairman of the TPHT for Greater Jakarta, in the Marunda harbor area of Jakarta Utara on 2 February. Also attending the briefing were Major General (Police) M. B. Hutagalung, deputy chief of police of Indonesia for operations; and Maj Gen Arie Kumaat, territorial assistant to the chief of the general staff of ABRI [Indonesian Armed Forces].

According to General Sutiyoso, who is also chief of staff of the Military Area of Greater Jakarta, although Jakarta does not have timber producing forest, it is the largest point for wood distribution, including exports. The four locations for the distribution of timber in Jakarta Utara, which are the targets of Operation Wana Lestari II on a 24 hours a day basis, are Marunda, Sunda Kelapa, Kalibaru, and Tanjungpriok. Sutiyoso said: "Of the four locations the Kalibaru port area is the most likely to be used for this illegal activity because it is closest to residential areas. This makes it difficult to carry out surveillance activity."

The amount of processed timber which enters Jakarta every year is about 3.0 million cubic meters. Of this total it turns out that about 70 percent comes in illegally. The rest of it is properly documented. The results of Operation Wana Lestari II prove that 99 percent of the processed timber inspected by the joint team composed of elements of the police, the Department of Forestry, and the Greater Jakarta Customs Coordinating Board turned out to be illegal. Sutiyoso stated: "Out of 31 ships which were 073 inspected, only one ship carried legal documents."

There were 21 ships which carried processed lumber to Jakarta without legal documents. Nine other ships are still being processed. Brigadier General Sutiyoso said: "The total amount of illegal wood was 7,225.7 cubic meters of processed lumber and 14,276 logs. The lumber still being processed amounts to 4,216.1 cubic meters." In addition to not having legal documents the ships also unloaded some of their cargo in places other than their official destination. If they had documents, the time limit during which the documents were legal had expired. Some of the documents were legal in form but had been falsified. The action taken against these ships

involves collecting a fine 10 times the normal forest products tax.

Sutiyoso added that if the wood seized as a result of Operation Wana Lestari II is not of good quality, it is given to the Jakarta office of the National Housing Corporation. Quality wood will be auctioned off to the public, although on a limited basis.

#### Lumber Speculators

Sutiyoso said: "This operation required immediate action. If the situation had been allowed to continue for a long time, it was feared that there would be social consequences. Processed lumber would disappear from the market in Jakarta. Furthermore, workers who handle the wood would lose their jobs."

Djamaluddin Surjohadikusumo, minister of forestry, said that his department was prepared to support Operation Wana Lestari II, both in terms of cost and equipment, as well as personnel. The minister of forestry also asked all groups involved in this matter to anticipate the social impact resulting from this operation. One of these consequences would be how timber producing centers in Kalimantan Tengah [Central Kalimantan] would find outlets for the wood, particularly in Greater Jakarta.

The minister of forestry asked the timber producers to earmark a minimum of 5.0 percent of their production, to be held at designated distribution points. Djamaluddin said: "If wood disappears from the market in Jakarta, the people who need it can go to distribution points designated by the local government authorities." The minister of forestry also said that the limited auctions of lumber will be held immediately. Djamaluddin emphasized: "The prices should not be too low, and we should not leave the lumber in the hands of wood speculators."

According to the minister of forestry, this case of illegally marketed wood can have consequences over both the short and long term. If the illegal felling of trees is permitted to go on, the consequence is that illegal wood will continue to be distributed, and the people will have no interest in protecting the forests. The minister of forestry said: "The people will leave ruined forests to their children. This kind of activity will damage the economy, and we will not be able to compete in the global market."

In answer to questions from lumber merchants the minister of forestry stated that even if the amount of wood carried illegally on ships is no more than one percent of the total, this would still be regarded as a violation of the law.

#### Indonesia: Habibie on Norwegian Takeover of Natuna Contractor

96SE0014B Jakarta GATRA in Indonesian 23 Dec 95  
p 76

[FBIS Translated Text] Minister B.J. Habibie apparently cannot be separated from the Natuna Project. Therefore, when something worrisome happens that could disturb the smooth progress of the giant project, Habibie also worries and picks up his pen. That is what happened when one of the prospective Natuna contractors, Amec Private Listed Company, was threatened with hostile takeover by the Kvaerner Company of Norway. Habibie sent a letter to British Deputy Prime Minister Michael Heseltine asking him to stop the takeover effort. It turned out that the letter was leaked to the press. Several media outlets in London published the story of Habibie's anger.

"Amec's efforts to prevent acquisition by Kvaerner has entered the political stage," wrote London's THE SUNDAY TELEGRAPH last week. At first, the battle between the two construction companies concerned only money and cleverness in manipulating stock market rules, but now the element of diplomatic relations between the United Kingdom and Indonesia is also involved. The letter reportedly also turned the focus of the battle from the floor of the London exchange to the South China Sea, the site of the Natuna project.

According to THE TELEGRAPH, Habibie said in his letter that the involvement of Kvaerner will "greatly hurt us all through the hostile takeover, and the cooperation between PAL [Naval Shipyard] and Amec, which has taken years to establish, will be disrupted." PT [Limited Company] PAL—the Indonesian shipbuilding company headed by Habibie—and Amec have in fact formed a joint venture company, which is expected to be one of the contractors for the Natuna megaproject. What is even more worrisome is that cooperation in the Natuna work with other British companies, such as Rolls Royce, may be affected. It is for that reason that the aircraft expert, who was two weeks ago elected general chairman of ICMI [Indonesian Muslim Intellectuals Association], called on the British Government to stop the acquisition.

The letter arrived on Heseltine's desk on Saturday morning of last week [16 December]. "The letter expressed Mr. Habibie's concern," said a spokesman for Heseltine's office, which has not yet made a decision, however.

Habibie naturally hoped that his letter would carry much weight, because it could be a test of his credibility. A serious fight would be needed, however, if Heseltine

interfered to stop the acquisition. In a country with an exchange as transparent as London's, any interference by outside parties is hard to accept.

When interviewed by GATRA, Habibie acknowledged that he had written to Heseltine, an old friend from the time Heseltine was minister of defense in the Margaret Thatcher era. "It is not true, however, that I asked him to stop the acquisition. I have no influence over there," Habibie said. The truth, he said, is that I asked the British to note that Indonesia now has the Natuna project. "I asked for their understanding so that the high-technology project can be successful," he said.

According to information from Habibie's colleagues—industry experts and people in Britain and Japan—the Amec-PAL joint venture will move smoothly as long as there is no "interference," such as the emergence of new stockholders. "Do not interpret that as meaning that Natuna greatly depends on Amec. There are other top contractors such as McDermott and Bechtel," Habibie said. There are also people from Germany and France. Even if Kvaerner should join Amec, Amec's work on Natuna would not automatically cease. "What I hope is that Kvaerner will not change the mechanism already in place. If its vision is the same, there will be no problem," he said.

It is a fact that Kvaerner, a giant Norwegian construction and shipbuilding company, intends to buy Amec stock. Kvaerner is using the SBC Warburg securities organization, a subsidiary of the Swiss Bank, to offer about 1 pound per share for 40.8 million shares of Amec. The offer was made on 27 November. On Monday of this week [18 December], Amec stockholders were to be given the opportunity to accept or reject the proposal. Amec management has worked hard to keep Kvaerner out. Amec feels that Kvaerner's offer is too low.

Kvaerner appears to be tenacious, however. With the acquisition of Amec, Kvaerner would receive several benefits. For one thing, they would enter the oil and gas construction market, which is flourishing in Britain. It would also get some of the revenues from the Natuna project, which is worth about \$34 billion. As an enticement, Kvaerner offered to help Amec enter the Norwegian market and to develop underwater technology, two areas that have been slow for Amec. Amec, which has always competed with Kvaerner, chose to reject the offer, however. Apart from the stock price question, Kvaerner's position as majority stockholder would threaten Amec management.

Amec is a newcomer to the Indonesian oil and gas industry, and its projects have not yet reached into the millions of dollars. In July 1993, Amec signed a cooperation agreement with PT PAL to build offshore

platforms to be leased by foreign contractors. According to the plan, the cooperation would be followed by the creation of a joint venture for Natuna.

The Natuna project is indeed exciting for oil and gas contractors. Eighteen platforms penetrating the ocean floor will be needed to tap the 45 trillion cubic feet of hydrocarbon gas. Work on the giant project is to begin in 1997. By participating in Natuna, Amec expects very large additional gross revenues of 5 billion pounds annually. Who wouldn't drool over that?

#### **Indonesia: Consumers Urged To Curb Appetite for Imported Goods**

96SE0017A Jakarta SUARA KARYA in Indonesian  
1 Feb 96 pp 1, 8

[FBIS Translated Text] Jakarta (SUARA KARYA)—Minister of Finance Mar'ie Muhammad has warned that national economic life should not reflect a high consumption economy. For that reason he urged all concerned not to import and consume goods in excessive quantities. This would cause the economy to overheat.

Mar'ie Muhammad, in testimony before Parliamentary Committee VI in Jakarta on 31 January, said: "Domestic consumption is indeed increasing in an extraordinary and growing way. People who are not accustomed to consume imported foods are now consuming them. People who previously did not use air conditioning now want to have air conditioning. People who previously had one refrigerator now want to have two. All of this involves a high level of imports, with the result that it increases the pressure on our current transactions deficit. For that reason the government is deliberately tightening liquidity so that the people will not run out of control."

Mar'ie stated that Indonesia and a number of other Asian countries are indeed enjoying a high rate of economic growth. Unfortunately, this growth is stimulated by high domestic consumption, including imports, which are rising sharply. This clearly is causing the economy to heat up, as indicated by the rising current transactions deficit and a high rate of inflation. Mar'ie said: "For that reason high demand resulting from high consumption must be held down, and we must move toward an economy which is more 'export driven' [previous two words in English]."

Mar'ie regretted the fact that the people's behavior is tending toward the irrational in the consumption of imported goods. He gave the examples of fruits, construction materials, electronic appliances, and other consumption goods. Triggered by increasingly disorderly market techniques, the use of consumption goods is often uncontrolled. He also pointed to the automobile

sector, which has an extraordinary level of imports, amounting to as much as \$3.5 billion annually, but which only records exports of \$200 million per year.

It is because of that tendency that the government, through a number of policy actions, is trying to curb excessive consumption based on imports and, at the same time, to stimulate exports.

The government is considering the use of fiscal policy, through enacting a tax on the sale of luxury goods, to limit imports. Liquidity will also be steadily tightened in fiscal year 1996/1997. Mar'ie said: "In other countries such as Malaysia the government is intervening directly to hold down excessive imports. We prefer to use other policies."

Deregulation of the industrial and commercial sectors, which was announced last week, is also intended to stimulate the export of products other than petroleum and natural gas. He gave as an example the approval of a number of tax incentives and the elimination of other taxes which at present only affect direct exports. Taxes will be reduced on indirect exports or on activity directly related to exports.

This action is being taken because eliminating taxes only on direct exports so far has brought in only a small amount of net foreign exchange. Mar'ie said that the specific factor causing this is the pressure of rising imports. He is convinced that, by providing incentives for indirect export activity, exports of products other than petroleum and natural gas can be stimulated and will open up a broader field of activity. Mar'ie said: "This is a very important action. It is unfortunate that it is not given much attention by the press, because it is not as interesting as reports on the price of red peppers."

At the same time he rejected the view of some people that the most recent deregulation actions will only bring profits to large companies or exporters. He continued: "People often fail understand that the activity of large business firms is closely linked to that of medium and small firms."

Regarding deregulation, the government is no longer using the term, "deregulation package." This is because every government department or office which feels that it is ready to deregulate activity under its control is free to issue its own deregulation rules. He said: "The important thing is that all of these departments must act in a synchronized way. All of these regulations should be issued to increase the export of products other than petroleum and natural gas, particularly in the manufacturing sector."

The government has also promised to extend this deregulation campaign to the provinces. A Deregulation Su-

pervisory Team has been established in the central government to review the implementation of deregulation in the provinces and particularly in the large cities. This is to make sure that deregulation has not created so much difficulty that it is not being implemented properly in the field. Minister of Finance Mar'ie said: "Provincial governments are specifically advised not to issue regulations in conflict with those issued by the central government. For example, the matter of provincial income tax collection is indeed important. However, provincial governments should look at their interests from a national point of view, as this is a unitary state. Provincial tax obligations should not be a burden on the people and create obstacles to investment."

#### Family Welfare Tax

Meanwhile, Fuad Bawazier, the director general of taxation, has clarified his most recent circular letter on the payment of taxes and the provision of assistance to the Family Welfare Development program and in support of family welfare allowances. As provided in Presidential Decision No. 90 of 1995, every individual taxpayer or organization with a net income of 100 million rupiahs or more annually will be liable to pay a tax of two percent on such income for these programs.

Fuad declared that, based on the records of the Directorate General of Taxation for fiscal year 1994, there were about 11,000 taxpayers with net incomes of 100 million rupiahs or more. He said: "In 1995 I believe that this total increased." However, he was not prepared to say how much assistance can be collected from this group for the family welfare program. The central office of the Directorate General of Taxation will soon send a letter to these taxpayers, stating that, based on the yearly report for 1994, they had net incomes of 100 million rupiahs or more.

It was stated that this payment is to be made to Autonomous Welfare Fund Foundation Account No. 0850801.001 at the "Harmoni" Branch of the BNI [Indonesian National Bank] in Jakarta. If the payment is made through a collecting bank, then this collecting bank is required to transfer this payment to the BNI within one working day after it receives the payment. Fuad said: "A photocopy as evidence of the payment shall be submitted by the person or institution providing the assistance to the taxation service office of the place where the provider of this assistance is registered."

If the taxpayer receives other income on which taxes are collected, the total income on which the two percent tax is payable shall have added to it the income on which such taxes are collected.

**Philippines****Philippines Officials on Counterterrorism Conference**

*BK2102035596 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 20 Feb 96*

[FBIS Translated Text] Filipino officials participating in anti terrorism conference currently held in Baguio City have said that the conference is not connected to the antiterrorism bill. They said the conference's aim is to form concrete measures to fight terrorism and not to support the antiterrorism bill. Maki Pulido has this report:

[Begin recording] [Pulido] To convene, to discuss terrorism, and to plan how to suppress the problem faced by many nations — these are the leading objectives of the international conference on counterterrorism. Foreign Affairs Secretary Domingo Siazon has strongly stressed that the antiterrorism bill has nothing to do with the conference.

[Siazon in progress, in English]...unrelated events. This conference, which is being held here in Baguio City, has been under preparation for the last 12 months. In fact if you look at the letter of invitations they are much [pause], they are dated a few months ago. The antiterrorism bill, including the bombing in Makati are independent events.

[Pulido] This conference is the first step towards having nations take united action against terrorism. One hundred twenty-six leaders of intelligence and counterintelligence agencies are now convening to plan this action.

[Interior Secretary Rafael Alunan, in English] There will be three areas where discussions will center on. It will be the areas of policy such as executive policy, legislative policy as well as the judicial policy; the exchange of information as well as counter measures or counteroperations.

[Pulido] According to Interior Secretary Rafael Alunan, the conference will be of great help to the Philippines since the country has undergone several terrorist attacks. He added that the country's fight against terrorism will be strengthened if the other countries will help.

[Alunan, in English] Given the translational nature of crime and terrorism, there is no one government, one nation-state, can effectively combat this problem. We must put together a strong alliance of like-minded states to effectively address this problem.

[Pulido] Reman Malic, leader of Pakistan Delegation, expressed his agreement with Secretary Alunan. He said the conference on counterterrorism is a big step in the fight against terrorism.

[Malic, in English] I think common strategies will work, because when you talk of terrorism at international level, then you would need cooperation. [Words indistinct] like the (?prime minister) of Pakistan, has not bowed before the terrorists.

[Pulido] Before the end of the conference, it is expected that an agreement on united action against terrorism will be forged.

With camera man Boy Sonza, Maki Pulido for GMA Balita [News]. [end recording]

**Philippines: Weapon Used in Makati Reportedly Issued to Policeman**

*BK2102075196 (Internet) The Journal Group WWW in English 20 Feb 96*

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN'S JOURNAL; report by Alfred Dalizon]

[FBIS Transcribed Text] Gun used in Makati blast issued to Cabanatuan cop? The source, an official of the PNP [Philippine National Police] Firearms and Explosives Division [FED], said the serial number of the rifle "closely resembles" that of the firearm issued to the Cabanatuan City policeman.

However, the source, who spoke on condition of anonymity, said the finding does not automatically mean that the policeman was involved in the attack.

The source also refused to identify the policeman or the serial number of his firearm pending investigation.

But other sources said the serial number "could have been tampered with or the firearm was stolen from the policeman."

Nevertheless, FED records showed no firearms issued to government forces were reported lost during the past weeks.

FED insiders also said they still have to conduct ballistic tests on the M-203 grenade launcher which were among the weapons recovered by the police near the scene of the explosion.

The firearms — an Armalite rifle with an M-203 grenade launcher, a baby Armalite, two loaded Armalite rifles — were found by the police minutes after unidentified men fired shots at office buildings in Makati on Feb. 14.

The weapons were recovered from the Blanco Center, located a block away from the scene of the attack.

There are different theories raised by the police regarding the attack.

PNP Director General Recaredo Sarmiento believed communist rebels were behind the attack.

But Chief Supt. [Superintendent] Job Mayo Jr., National Capital Region Command chief, surmised the grenade attack was a diversion for a bank robbery.

The Alex Boncayao Brigade [ABB], on the other hand, described in a statement the attack as a "blatant move by the Ramos administration to create a scenario of chaos and violence reminiscent of the fake assassination attempt on then Defense Sec., now Sen. Juan Ponce Enrile in the advent of martial law in 1972."

"Funny that the military and police should contradict themselves by attributing the bombing to the ABB while only a few weeks ago, it insisted that it was successful in waging war against the ABB and that the ABB is no longer a threat," the statement said.

#### Philippines: Ramos To Press for Economic Reform

*BK2102055896 Quezon City Radio Filipinas  
in English 0230 GMT 21 Feb 96*

[FBIS Transcribed Text] The president says his administration is no longer keen on (pressing) Congress to pass the anti-terrorism bill. He revealed this in his dialogue with representatives of the labor sector. He said what he would want is the immediate passage of pending economic and social reform measures such as comprehensive tax reform program and irrigation crisis act.

#### Philippines: Columnist Views Militarization of Government

*BK2102071996 Manila BUSINESS WORLD  
in English 21 Feb 96*

[From Ninez Cacho-Olivares's "My Cup of Tea" column: "Militarizing Government" — received via Internet]

[FBIS Transcribed Text] Marcos [former President Ferdinand Marcos] started the practice of appointing military officers to civilian positions in government during the martial law years, but Aquino [former President Corazon Aquino], and now Ramos, continued the Marcos tradition with a vengeance. They, in fact, institutionalized the practice.

However, in the militarization of government during the strongman's reign, it should be noted that Marcos appointed military officers to low-ranking civilian positions. The Cabinet was still mainly composed of civil-

ian officials. Also, the Office of the Defense Ministry was still headed by a nonmilitary official.

It was during the Aquino reign that the militarization of government went into high gear. The defense ministry portfolio — after she sacked Juan Ponce Enrile — were held by ex-military generals in succession.

First came General Rocky Ileto. Then the job was given to Fidel Ramos, who still had some months to finish his term as the Armed Forces chief of staff. General Renato de Villa, then Ramos's second in command, took over as AFPCS [Armed Forces of the Philippines Chief of Staff] when Ramos was appointed by Aquino as her defense secretary. When Ramos resigned to run for the presidency, it was De Villa, also fresh out of his AFP [Armed Forces of the Philippines] stint, who was appointed by Aquino to the defense post.

It was also during Aquino's reign that many retired generals were appointed to civilian positions and some promoted to Cabinet level. She also gave many of these military retirees plum directorships in government-controlled corporations while the others she appointed as her advisers.

When Ramos came into the presidential picture, more Cabinet posts were given to his former comrades-in-arms. He kept Renato de Villa on the defense job, making him his secretary of defense. The National Security Office was given to ex-General Jose Almonte who, under the Aquino reign, was her economic intelligence chief. Gregorio Vigilar, another ex-general, was appointed by Ramos to head the public works and highways department. Even sub-Cabinet positions were given to former military officers. The undersecretary of the interior is yet another ex-military officer, Alexander Aguirre. The press undersecretary is also a retired military general: Honesto Isleta. The customs bureau is headed by Guillermo Parayno, another retired military officer. As for the ombudsman's post, it has been given to — you guessed it — another retired military officer, Aniano Desirio, who served as special prosecutor during Aquino's time.

There are many more presidential advisers who are the presidential military buddies.

Just recently, Ramos appointed two more retired military generals to civilian posts: Orlando Soriano as presidential consultant for community development, while the former Air Force chief has been appointed executive director of an agency in charge of the rehabilitation of typhoon-devastated areas.

Former AFPCS Lisandro Abadia is back in the saddle, this time as overall chief of the APEC [Asia-Pacific Economic Cooperation] meet. As for his brother, last

heard, he was sitting as a board member of Philippine Air Lines.

There is talk that DILG [Department of Interior and Local Government] Chief Rafael Alunan's post is likely to go to either Congressman Eduardo Ermita or Congressman Roberto Barbers, both of whom are retired military and police officers.

There are also more and more retired generals who are appointed by Ramos as ambassadors.

Incidentally, many of the Aquino civilian appointees to the Cabinet during her time have been given other jobs in the Ramos government. Leonardo Quisumbing, Aquino's undersecretary of defense is now Ramos's labor secretary.

Aquino's former Labor Secretary Ruben Torres, is now Ramos's executive secretary. Alunan, before becoming the DILG chief, was Aquino's undersecretary of tourism. Teofisto Guingona was Aquino's COA [Commission on Audit] chief, then Ramos's executive secretary before he was appointed as Ramos's justice secretary.

There are more appointments of this sort, but they are too many to mention.

These Ramos appointments of his (and, presumably, De Villa's) military chums to these positions — especially those related to DILG functions and areas — do tend to point to the eventual Ramos anointing of De Villa as his successor, if the Constitution remains unchanged.

Speaker Jose de Venecia, Ramos's political lieutenant, may just be dropped like a hot potato when anointing time comes. The DILG — as well as community development and rehabilitation of areas devastated by typhoons — is essential to ensuring grassroots support for the administration candidates in any election.

Whatever Ramos's future move in the naming of his successor, the one thing that clearly stands out is that under the Ramos administration, the militarization of the civilian government is now at full blast.

As Ramos comes under more fire from the angry public, he has naturally to rely more and more on his former comrades-in-arms to get him off the fire and into, at the very least, the frying pan.

Following the military tradition, Ramos knows that when a top dog in the military is under fire, the blame is automatically accepted by an officer who is junior to him.

Also, he would rather put his trust on his former comrades-in-arms he has known too long and too well

than the civilian appointees, whether politicians or businessmen.

Still, the more retired military officers are appointed to government posts, the more militarized the civilian government becomes.

Given the wayward ways of the Philippine police and military, it is dangerous enough for the country to have a military general as president. It is even more dangerous to have ex-military officers running the country alongside a military general.

It cannot be denied that all these former military officers have been trained all those years they spent in the military service, to think military. Their approach to problems would always be a military approach, one of which is the search and destroy approach.

It is not surprising therefore that under both the Aquino and Ramos regimes, military solutions were applied to many problems the nation faced, especially in the area of civil liberties and constitutional shortcuts.

While soldiers are mandated to defend and protect the Constitution, soldiers are, however, too impatient an entity to allow problems to be solved through constitutional means, which is the main reason Malacanang [Presidential Palace] comes up with legislative measures that curtail the rights and liberties of the people and why it invariably comes up with measures granting it special powers to do away with (a) public bidding and (b) regular auditing practice.

The police and military are used to spending and wasting public money without having to account for it since most of the money falls under "intelligence" and "discretionary" funds.

The next time an ex-military officer, especially one that is anointed by the Malacanang tenant to succeed him, think twice, voters. The country and its people are slowly but surely on their way to being completely controlled by a military government.

## Thailand

**Thailand: Ministers 'Likely' To Back U.S. Insurance Company**

*BK1902043696 Bangkok BANGKOK POST in English 19 Feb 96 p 17*

[Unattributed report]

[FBIS Transcribed Text] The Committee of International Economic Policy chaired by Deputy Prime Minister Amnuai Wirawan has overruled a Council of State decision made under the previous government to ban

Universal Insurance Co from opening 11 branches in Thailand.

A Government House source said a meeting of the Council of Economic Ministers today will consider proposals on the case drafted by the committee which is likely to endorse Universal Insurance's request.

The Council of State ruled early last year that the insurer could not open branches as it would violate local insurance laws which prohibit foreign-owned insurers from setting up branch offices.

The move to allow Universal Insurance Co to open more branches is also against a decision of the committee when it was headed by former deputy prime minister Suphachai Phanitchaphak.

Dr Suphachai ruled earlier that the insurer, also known in Thai as Phaisan Insurance, could not open branches in Thailand as the move violated the 1992 Non-Life Insurance Law.

Universal Insurance, a unit of American International Group based in the US, is more than 99 percent American-owned and has sought unsuccessfully since 1992 to open branches in Thailand.

Another source said Dr Amnuai's committee will ask the Commerce Ministry to accelerate amendment of the 1992 Non-Life Insurance Law to liberalise the insurance industry.

This government felt the amendment must be carried out to help Thai companies which are 25 percent-foreign owned to be able to expand branch networks.

Thai insurance firms with more than 25-percent foreign ownership are considered foreign firms.

In the process, the committee has proposed to enlarge foreign shareholdings on local insurance companies from 25 percent to a proportion that the Commerce Ministry may determine in the future.

Under the ministry's insurance development plan, foreign shareholdings will be raised from 25 percent to 49 percent in the next five years after more insurance licences are issued for local investors this year.

During the law amendment process, the insurer should be allowed to operate its 11 branches.

A source said the committee's move to benefit the US insurer is based on suggestions from the Foreign Affairs Ministry which reason that rejection of such a giant US insurance company may distort relationships between Thailand and the US.

Another reason is a fear that the influential US insurer, AIG Group, could force Washington to retaliate by

removing the Generalised System of Preferences [GSP] on Thai products.

A large number of Thailand's products have been under the GSP programme which makes Thai products more competitive in the US market.

According to the same source, Cabinet secretary-general Witsanu Khrua-ngam said the Council of Economic Ministers should wait for an amendment of the 1992 Non-Life Insurance Law and interpretation of the Fiduciary Function of the Council of State before making a decision to allow the request of Universal Insurance Co.

#### **Thailand: Ruling Allows U.S. Insurance Firm To Open More Branches**

*BK2002063896 Bangkok BANGKOK POST  
in English 20 Feb 96 p 17*

[Unattributed report]

[FBIS Transcribed Text] Cabinet has agreed to a legal amendment which will allow U.S. insurer Universal Insurance to open additional branches in Thailand.

A proposal was forwarded by the International Economic Policy Committee.

But the amendment will be carried out on an across-the board basis so more branches could be opened by other local insurance companies whose shareholdings held by foreigners were larger than 25 percent before 1992.

Six non-life insurance companies are reported to be in this category. They are Bangkok Insurance Co (29.99 percent); Guardian Insurance (49 percent); China Insurance (48.67 percent); New Zealand Insurance (49 percent); Commercial Union (Thailand) (49 percent); and Universal Insurance (99.98 percent).

Cabinet at its meeting yesterday instructed the Commerce Ministry to speed up an amendment to the 1992 Non-Life Insurance Act by May, according to Deputy Prime Minister Amnuai Wirawan, also chairman of the International Economic Policy Committee.

The Commerce Ministry is in the process of amending the law to allow greater liberalization of the insurance industry by raising the proportion of foreign shareholdings from the 25 percent to 49 percent, said Commerce Minister Chuchip Hansawat.

Dr Amnuai said Universal Insurance's 11 representative offices would remain in operation while the law was being changed, but not as branches with financial assistance being provided by head office.

Universal Insurance Co, a unit of the U.S.-based American Insurance Group has sought permission from the

Commerce Ministry to upgrade its 11 representative offices as branches.

With more than 99 percent of its shares held by Americans, the ministry rejected the request.

During the controversy, many key figures from various U.S. groups based in Thailand supported the insurer by asking Thai authorities to push the case.

The 1969 U.S.-Thai Treaty of Amity was cited to persuade the Thai government to provide similar privileges for the American company to do business here.

But the Council of State was asked to interpret whether insurance business is a type of fiduciary function, since the treaty does not cover such functions.

**Thailand: U.S. Envoy To Negotiate With Japan, ROK at ASEM**

*BK2002150196 Bangkok BAN MUANG in Thai  
20 Feb 96 p 2*

["Stop the World" column by Freeman: "The United States Has a Headache With Korea and Japan"]

[FBIS Translated Excerpt] One of the important issues the 10 Asian and 15 European leaders will raise for discussion during the upcoming Asia-Europe Meeting [ASEM] scheduled to be held in Thailand early next month is the international conflicts involving sovereignty over islands in the sea, including fishing areas and the natural resources underneath them. Japan and South Korea [ROK] are two countries that have been entangled over this problem so seriously that they are on the brink of declaring war. Both countries are close friends of the United States. The latter will find itself in a very difficult situation should the two countries declare war against each other.

Aware of the importance of the problem, U.S. President Bill Clinton appointed William Itoh, a Japanese-American diplomat, as the new U.S. ambassador to Thailand so that the latter can help negotiate with the Japanese prime minister during the summit meeting in Thailand to find ways to reduce the tension between Japan and South Korea and settle the dispute through peaceful means. [part age omitted]

Ambassador Itoh is now waiting for the presentation of his credentials as U.S. ambassador to Thailand to His Majesty the King.

Thailand is situated in a major strategic location in the Southeast Asian region and has been playing an active role in organizing international meetings both at the regional and international levels. It is the place where eastern and western powers come to gather information and intelligence to gain diplomatic and

military advantages. The appointment of His Excellency Itoh to Thailand reflects the U.S. intention to use Thailand as its base of operations to expand its military power to cover the Southeast Asian region while holding aloft the banners of democracy and human rights and while pressing Burma for the handover of drug kingpin Khun Sa for prosecution in the United States and the total eradication of the narcotics trade in Burma's Golden Triangle.

There is no report thus far on President Clinton's plan to attend the ASEM.

**Thailand: Security Agencies Alert for IRA Activity During ASEM**

*BK2102043996 Bangkok THAILAND TIMES  
in English 21 Feb 96 p A1*

[Report by Panya Phanphuak]

[FBIS Transcribed Text] Bangkok — Security agencies will be keeping a careful look out for possible Irish Republican Army (IRA) activity in the lead up to the Asia-Europe Meeting (ASEM), as British Prime Minister John Major's presence may well bring the terrorist group to Bangkok, a police source said yesterday.

"State security agencies are on their guard against the IRA in order to establish whether the organization is planning to attempt any activities in Thailand during the visit of the British premier," said the source, who asked not to be named, after a gathering of security agencies to discuss contingency plans for ASEM.

Major has now been added to the list of leaders needing maximum security at the summit, joining French President Jacques Chirac, who is a target due to strongly opposed nuclear tests, and Japanese Prime Minister Ryutaro Hashimoto.

The IRA, which on Monday claimed responsibility for a bomb which blew up a London bus, want to see Northern Ireland become independent from Great Britain and unite with the mainly Catholic Eire (southern Ireland).

The Aum Supreme Truth cult, which was accused of carrying out a nerve gas attack on the Tokyo subway last year, is another group targeted by the police after one of its members, Keijiro Ota, was arrested in Bangkok on Monday.

Ota is one of 18 members on a list sent to Thai authorities by the Japanese police. It is believed the group may be planning to create disturbance in Thailand during the summit.

Another source who attended the state security agencies' meeting said possible demonstrations by Thai nationals

were in fact causing the government most worry since they could damage the country's international image.

Deputy Immigration Office Commissioner Pol Maj Gen [Police Major General] Suthep Thammarak said Indonesia's invasion of East Timor would also probably spark protests during ASEM.

Jose Ramos-Horta, an East Timorese activist who reportedly makes a habit of creating disturbances at international conferences, was denied an entry visa to Thailand two weeks ago.

He said immigration police had set up a special unit to carry out strict checks on people entering the country at Don Muang international airport and immigration stations at Chiang Mai, Hat Yai and Nong Khai.

Leaders from 10 countries in Asia will meet with their counterparts from 15 European Union nations at ASEM, which falls on March 1-2 in Bangkok.

Thousands of police officers and soldiers are reportedly set to provide security for those leaders at their hotels the Oriental, the Shangri-La, the Imperial Queen's Park, the Regent, the Hilton International, and the Royal Orchid Sheraton — as well as at the ASEM venue, the Queen Sirikit National Convention Center.

Metropolitan Police Chief Pol Lt Gen [Police Lieutenant General] Sophon Warachanon said the security agencies were well prepared to deal with any groups, including international terrorists, who may be planning to cause trouble during the meeting.

#### **Thailand: Phnom Penh Troops Capture Khmer Rouge Stronghold**

*BK2102072496 Bangkok NAEON in Thai  
21 Feb 96 p 2*

[Unattributed report]

[FBIS Translated Text] According to a correspondent based in Sa Kaeo Province, at 0500 on 20 February intense fighting broke out when Cambodian Government troops launched an attack on the last Khmer Rouge stronghold on Hill 39, "Phnum Mak Hoen," which is located opposite Thailand's Ban Saensuk in Aranyaprathet District. Armed with T-54 and T-55 tanks, Cambodian Government troops succeeded in capturing the Khmer Rouge stronghold, overrunning some 700-strong soldiers of the Khmer Rouge division 356.

The number of casualties in this major clash are not known at this time, but Thai military sources believe casualties on both sides to be considerable.

At 0900 on 20 February, Thai First Army Region Commander Lieutenant General Winit Krachangson

arrived at the border area to inspect the situation. Gunfire could be heard in Thai territory at Khlong Nam Sai.

Lt. Gen. Winit subsequently invited Gen. Duong Sukhon, commander of the Cambodian 5th Military Region, and his party to the 3d Battalion, 12th Infantry Regiment to inquire about the situation. In his assessment, Lt. Gen. Winit said the Cambodian Government side currently has the upper hand and that the situation will only become more tense. He said it remains to be seen how much longer the Khmer Rouge can survive. Thai troops have to be ready to protect Thai people along the border. Any foreign troops who cross the border will be disarmed and pushed back. Lt. Gen. Winit said he has ordered more troops into the area to cope with any new situation at the border.

#### **Thailand: Sri Lanka's Governor Denies LTTE Arms Vessel Allegation**

*BK1802103596 Bangkok THE SUNDAY POST  
in English 18 Feb 96 p 1*

[Unattributed report]

[FBIS Transcribed Text] Sri Lanka's state-run newspaper has claimed Thailand's resort island of Phuket was the origin of a Tamil Tiger arms ship sunk by its navy on Wednesday.

The allegation, published in the DAILY NEWS yesterday, again highlights Colombo's long-held suspicion that Liberation Tigers of Tamil Eelam [LTTE] rebels use Thai territory as a base to smuggle drugs and guns to support their war back home.

But the Phuket governor, Sutchit Nimitkun, rejected the claim and said the sea off Thailand's southern resort was strictly and regularly patrolled and it would be difficult for arms shipments to pass unchecked.

The DAILY NEWS claimed the vessel left the Thai port under the name Comex-Joux 3 but changed its name to Horizon when it entered Sri Lankan territorial waters on Wednesday.

Sri Lankan state officials have refused to directly name Thailand as the origin of the ship, despite press speculation.

A senior Sri Lankan naval official said he suspected the ship came from a Southeast Asian nation.

"We firmly believe this," the officer said. "It's not necessarily Thailand," he said.

"Southeast Asia is a trans-shipment area. We certainly do not suspect Thai involvement."

The Sri Lankan paper said navy gunboats contacted the skipper of Horizon who said he was going to Mauritius. But checks with ports in neighbouring countries showed no record of the ship.

The separatist Liberation Tigers of Tamil Eelam, who in a statement on Friday admitted the ship was theirs, claim the Indian Navy was involved in the destruction of their arms shipment.

The LTTE said two Indian navy craft "played an important role" in attacking their ship off Sri Lanka's north-eastern district of Trincomalee.

They said five Tigers were killed in the attack.

The Indian Navy have denied involvement in the attack on the ship. Their claims have been backed by Sri Lankan military officials.

The Sri Lankan military deployed six gun ships and ground attack aircraft to sink the shipment.

They said the Tiger guerrillas were unloading arms and ammunition on to five smaller boats when they attacked.

A LTTE statement said the Tiger flotilla was on its way to attack Sri Lankan naval vessels at the port of Trincomalee.

The DAILY NEWS report did not explain how it concluded the rebels' ship originated in Phuket.

Mr Sutchit said foreign ships entering Phuket waters were usually strictly checked.

The Marine Police and the Navy's 3rd Fleet, which is based in Phuket, also regularly patrol the coast to prevent illegal activities in Thai territorial waters.

The governor conceded, however, that Phuket is near to international sea lanes.

The island's seaport at Tha Chat Chai is manned around the clock by customs and immigration authorities and it would be impossible for any body to carry illegal objects past the post undetected, Mr Sutchit said.

The guerrillas are known to operate a fleet of ships registered in the names of bogus companies.

Fourteen months ago, it was reported the LTTE had arranged to buy 30 tonnes of military supplies, including plastic explosives, which it intended to smuggle home.

In January 1993, an LTTE arms ship, the MV Ahad, was intercepted by the Indian Navy off Sri Lanka's northern coast. Arms and ammunition were found on board.

Since then, the Indian Navy has stepped up patrols in the Palk Straits, which separates India from Sri Lanka, in a bid to prevent Tiger guerrillas slipping in and out of the island.

The Tigers are fighting for an independent homeland in Sri Lanka's northeast where the two million Tamil minority is concentrated.

More than 50,000 people have died in the 23-year-old conflict.

Earlier this year Sri Lanka asked Thailand to supply it with any information on activities by LTTE guerrillas following claims the group was operating on an island in the Andaman Sea.

The request was made by Sri Lankan Foreign Minister Lakshman Kadirgamar during a meeting with Foreign Minister Kasemsamoson Kasemsi.

Thai intelligence agencies have investigated the Sri Lankan claims and the Thai military said recently it had found no evidence to support Colombo's suspicions.

Armed Forces Spokesman Rattana Chaloemsaenayakon said: "Thailand is always ready to extend full cooperation to its neighbours to stop any guerrilla activity of narcotics trafficking."

#### Thailand: Admiral Comments on Need for Submarines

*BK1902025996 Bangkok THAILAND TIMES  
in English 19 Feb 96 p A2*

[Unattributed report]

[FBIS Transcribed Text] Bangkok — A Royal Thai Navy senior official yesterday confirmed the need for submarines in the Navy because of the tension between Thailand and Malaysia in the common territorial waters.

Adm Mattri Amphaiphat, Navy's chief advisor, said money for the purchase of submarines will come from the 1997 budget, which has already been approved by the Cabinet.

Mattri said the submarine project was proposed by the Chuan Likphai government but it was temporarily dropped due to lack of funding.

Thai military, particularly the Navy, have repeatedly urged the government to consider the need for the submarines, citing the requirements of them were in line with the government's policy to develop the country's armed forces.

Military's calls for submarines acquisition increased following the tensions in neighboring territorial waters, especially with Malaysia. The two countries engaged in a series of territorial disputes in the Gulf of Thailand.

In the latest event, Malaysia was reportedly constructing a huge wall along the common land border.

Defense Minister Chawalit Yongchaiyut and Supreme Commander Gen Wirot Saengsanit are scheduled to inspect the controversial wall today in the south.

A military source said Malaysia has recently purchased two submarines and a squadron of transport planes. The Malaysian armed forces are equipped with 76 jet fighters, 300 tanks and armored vehicles, four frigate ships, eight missile ships, 30 war boats, as well as assorted other military equipments. Malaysia reportedly plans to buy 300 more tanks as well.

A military analyst said Malaysia has assumed a strong stance towards Thailand because they are confident they have superior firepower.

#### **Thailand: Minister Inspects Border Wall Erected by Malaysia**

*BK1902161496 Bangkok Radio Thailand Network in Thai 1200 GMT 19 Feb 96*

[FBIS Translated Text] In connection with the border wall reportedly erected by Malaysia that was feared by some to have intruded into Thai territory, General Chawalit Yongchaiyut, deputy prime minister and defense minister, made a fact-finding visit to the area today. He talked to newsmen after the inspection tour and said that the border wall should be no problem. He said Malaysia had already stopped construction, and no intrusion into Thailand was reported. Chawalit said that the purpose of his visit was to see whether there had been any violation of the mutual agreement between the two countries. He noted that Thailand and Malaysia are neighboring countries with smooth relations because of their correct adherence to existing agreements. He believed there should be no problem if both countries refrained from making comments that could stir up conflicts.

Asked about the reported claim by the ruler of Perlis State that the Brasamana and Tarutao islands belonged to Malaysia, Chawalit said he has not yet had a chance to meet with the ruler and was therefore not in a position to comment. He believed, however, that the authorities of both countries would be able to settle the problem because work on border delineation between Thailand and Malaysia is nearly completed. He said there should be no problem if the authorities of both countries can reach agreement on certain contentious issues.

#### **Thailand: National Security Official Visits Burmese Border**

*BK1902070996 Bangkok Radio Thailand Network in Thai 0000 GMT 19 Feb 96*

[FBIS Translated Text] Regarding the control and supervision of Burmese nationals who fled from fighting

in their country to Ban Nai Soi, Tambon Pang Mu, Muang District, Mae Hong Son Province, Khachatphai Burutphat, deputy secretary general of the National Security Council, said it is currently under consideration whether Ban Nai Soi is suitable for sheltering the 2,500 Kayahs who fled there. He was speaking following an inspection trip to the Burmese border in Mae Hong Son Province.

Regarding the opening of temporary border crossing points along the Thai-Burmese border, Khachatphai said government policy is to encourage trade and contact between the local people. If the Burmese side tells Thailand what border points it wants to reopen for trade, Thailand is ready to consider the Burmese proposal, although the situation in several border areas, such as Tak and Mae Hong Son, is currently not suitable for opening crossing points. If the local Thai authorities in Mae Hong Son feel that some points could be opened temporarily, the Mae Hong Son governor could order their opening for trade purpose at any time.

On the entry of contraband from Burma, Khachatphai said the units concerned must act against such illegal acts immediately. This is because Thailand could be criticized by Burma for condoning the illegal importation of natural resources from that country. He said Thai-Burmese relations at the local level are generally good, except for problems in certain border areas that both Burma and Thailand are trying to resolve.

#### **Thailand: Finance Ministry Said Stalling Money Laundering Bill**

*BK1902025596 Bangkok THE NATION in English 19 Feb 96 p A3*

[Unattributed report]

[FBIS Transcribed Text] The Finance Ministry has yet to submit its recommendations on the proposed law against money-laundering to the Cabinet Secretariat, delaying a draft considered by its proponents to be an essential tool in the fight against narcotics trafficking, senior officials said yesterday.

Cabinet secretary-general Witsanu Khrua-ngam said the ministry is the only agency that has failed to present its opinions, despite repeated requests from the Secretariat.

"The latest we heard from the ministry was in January, when it said it was considering the bill," said Witsanu.

PM's [Prime Minister] Office Minister Prasong Buranaphong, who oversees the Office of the Narcotics Control Board (ONCB), admitted "politics could be the major factor in the delay."

The bill would allow unprecedented state monitoring of what are considered to be suspicious bank transactions. This measure alone has triggered extensive debate on privacy rights and possible side-effects on the country's banking system.

Since the Finance Ministry's opinions are crucial, the bill cannot proceed without its recommendations.

Prasong noted that the ministry had approved the bill "in principle" and said the delay might be political. "The only logical reason for the delay is politics," said Prasong. "I have prepared for this."

An ONCB source lashed out at the Banhan Sinlapa-acha government, which he said was not sincere in pushing for the bill to be enacted.

He said key coalition members, including Public Health Minister Sano Thianthong, who is secretary-general of the Chat Thai Party, Finance Minister Surakiat Sathianthai and PM's Office Minister Phokhin Phonkun have opposed the draft all along.

"Publicly they say the bill is good, but their actions belie their words," the source said. "You can bet this bill will be indefinitely suspended and soon forgotten."

Observers say that for politicians opposing the bill, the best way to deal with the draft is to have it suspended because campaigning against the bill when it reaches Parliament will be risky as any opponents will be closely watched by the public.

The move toward establishing an antimoney-laundering bill gained momentum during the Chuan Likphai administration. Pressure mounted for Banhan's coalition to follow up on it after the United States criticized several countries lacking legislation to fight ever-increasing international crime.

#### **Thailand: Local Politicians Involved 'in Drug Trafficking'**

*BK1702101496 Bangkok THE NATION in English  
17 Feb 96 p A2*

[Unattributed Report]

[FBIS Transcribed Text] The chief of the narcotics suppression police yesterday warned about the growing involvement of local politicians and village headmen in drug trafficking, saying the trend could lead to a collapse of the bureaucratic system.

Pol Lt Gen [Police Lieutenant General] Somchai Milinthaengkun, commissioner of the Narcotics Suppression Police Bureau, claimed local politicians — mainly provincial councillors, village headmen and grassroots administrators — have increasingly been

seen to be involved in narcotics, especially the trafficking of amphetamines.

"If the drug trafficking activity of local representatives is left unchecked, the bureaucratic system will experience a meltdown in 10 years", he claimed.

Many newly-elected local politicians have connections to the underworld of narcotics, the police commissioner said.

Pol Lt Gen Somchai did not provide details about local representatives suspected of involvement in drug trafficking.

He was speaking yesterday during a meeting of narcotics suppression authorities in Chiang Mai which was attended by representatives from international drug enforcement agencies and officials from the Narcotics Suppression Police Bureau, the Immigration Bureau and the Office of Narcotics Control Board (ONCB).

ONCB chief Pricha Champarat called for improvements in the computer networks of drug enforcement agencies to streamline information sharing on trafficking suspects, and particularly to blacklist foreigners suspected of involvement in the narcotics trade.

Somchai said police records indicated that Thais are usually small-time local traffickers. The reports of drug enforcement agencies abroad also showed that it was mostly foreign couriers who smuggled narcotics out of the country, he added.

He said that according to a police report, major narcotics arrests last year uncovered 524 Burmese, 84 Malaysians, 38 Chinese and 24 American traffickers.

Somchai said the narcotics problem along the northern border, opposite Khun Sa's territory, appeared to have tapered off after his surrender to the Rangoon government a month ago.

#### **Vietnam**

##### **SRV: Lao Defense Minister Concludes Visit**

*BK1802163296 Hanoi VNA in English  
1453 GMT 18 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 18 — A high-level military delegation of Laos led by Senior Lieutenant General Choummaly Sayson, politburo member of the Lao People's Revolutionary Party Central Committee and defence minister, left Da Nang city this morning, concluding its official friendship visit to Vietnam.

While in Vietnam, the delegation paid a floral tribute to fallen heroes at their monument and to late President Ho Chi Minh at his mausoleum.

The delegation paid a courtesy visit to General Secretary of the Communist Party of Vietnam Do Muoi, held talks with Defence Minister Gen. Doan Khue and chief of General Political Department, Senior Lieutenant General Le Kha Phieu.

The delegation also visited the Military Zone V Command, the party committee and the people's committee of the central province of Quang Nam-da Nang and made sightseeing tours of Hanoi and Quang Nam-da Nang Province.

#### SRV: Nearly 1,800 Foreign Representative Offices in Operation

*BK1802170796 Hanoi VNA in English  
1503 GMT 18 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 18 — Nearly 1,800 representative and branch offices of foreign economic and business groups and companies from 52 countries and territories have been licensed for operations in Vietnam.

On top of the list is Singapore with 243 offices and subsidiaries, which is followed by Japan, Hong Kong, the United States and France. Eleven cities and provinces have become locations for these offices. Among them are Ho Chi Minh City with 1,186, Hanoi with 616 offices, and other major cities such as Haiphong, Da Nang, Qui Nhon, Nha Trang and Can Tho.

The areas where these offices operate include trade and investment, accounting for 66.8 percent, transport, construction, consultancy, banking, insurance, tourism, advertising, posts and telecommunications, control and auditing, and other trade promotion sectors. More than 8,000 people have been employed in these offices, including more than 5,000 Vietnamese workers.

In late 1990 when the regulation on the establishment and operations of a foreign representative office in Vietnam was enacted, most of the economic groups and business companies that set up their representative offices here in the following years have become long-term trading partners for Vietnam. Many have exported Vietnamese agricultural produce, and forest and sea products, etc., and imported materials, chemicals, technical equipment and industrial products into the country.

Many large groups and corporations have opened their representative offices in Vietnam such as BP, Shell, Dupont, Otis, United Airlines, Carrier, Siemens, IBM and so on.

After five years of operations, these offices have done well in their task to act as a bridge to help inquiries into the market in Vietnam, promote cooperation between

their companies and Vietnamese partners and increase trade volume between Vietnam and other countries.

Many foreign-invested projects have been undertaken through representative offices of such companies as Jardine Pacific Holding Ltd. (Hong Kong), Cathay Pacific, Daewoo Corp., Posco, etc., in construction, transport, air services, electronics, and steel production.

Daewoo group is now taking the lead in terms of investment capital in the northern part of Vietnam with a USD170 million project to produce TV picture tubes on the outskirts of Hanoi and another USD65 million project to erect Hotel Daeha in the capital city. Daewoo has been involved in building a 250-ha industrial zone at Sai Dong, a suburb of Hanoi. In addition, this South Korean business giant has also applied for the construction of the first oil refinery in Vietnam at Dung Quat, Quang Ngai province, in central Vietnam.

However, not a few representative offices have performed their activities contrary to their licences. Some have formed a liaison office to establish contacts with Vietnamese economic organisations or individuals to send illicit capital to do business or services in such areas as foreign trade, insurance, advertisement, real estate and property trading.

In some localities, especially Ho Chi Minh City and Hanoi, there have been representative offices illegally set up by using the houses or buildings owned by relatives in Vietnam or the renting of office buildings from Vietnamese economic units and individuals to act as headquarters without permits from the Vietnamese Government.

Through seven investigations made by local authorities, 90 representative and branch offices have been found to be illegally operating. Among them, three have had licences revoked while about 70 others have been banned from further activities across the country.

#### SRV President Le Duc Anh Delivers New Year Greetings

*BK1802163596 Hanoi VNA in English  
1453 GMT 18 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 18 — State President Le Duc Anh today calls the Vietnamese people to exert greater efforts to successfully carry out the national socio-economic development plan for 1996 and for the 1996-2000 period.

In his lunar new year greetings broadcast nationwide, President Anh also extended best wishes to the entire fellow-countrymen, fighters and overseas Vietnamese as well as to foreigners working in Vietnam.

The Vietnamese president also took the occasion to wish peoples across the world a year of peace, cooperation, development and prosperity.

The lunar new year, which starts this year on Feb. 19, is the biggest traditional festive holidays of the Vietnamese people.

### SRV Officials Work With Provinces for National Party Congress

*BK1602154096 Hanoi VNA in English  
1454 GMT 16 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 16 - National Assembly Chairman Nong Duc Manh and Dao Duy Tung, politburo members of the Communist Party of Vietnam Central Committee (CPVCC), and Hong Ha, secretary of the CPVCC have had working sessions with party officials of the party committees in the northern provinces of Hoa Binh, Son La and Lai Chau in preparation for the upcoming National Party Congress.

Hoa Binh, Son La and Lai Chau, which are inhabited by various ethnic minority groups have an important position in the northwestern region. Over the past five years' renovation process, the party organisations and people in the provinces have made great efforts to increase economic production, thus increasing the ethnic minorities' living conditions. The three provinces have had remarkable economic growth rates: Hoa Binh achieved 7.6 percent, Son La 8.7 percent, and Lai Chau, 10.3 percent. These provinces have effectively changed their economic structures, structures of tree planting and livestock breeding, thus promoting their advantages in socio-economic development. The peoples material and cultural life has been stabilized and developed.

Speaking at the event, the party officials urged the three provinces to make intensive investment in the production of goods for domestic demand and for exports.

### SRV Prime Minister Tours Western Highlands

*BK2102115296 Hanoi QUAN DOI NHAN DAN  
in Vietnamese 15 Feb 96 pp 1, 3*

[Unattributed report]

[FBIS Translated Text] Comrade Vo Van Kiet, member of the Political Bureau and prime minister, held working sessions in Pleiku (Gia Lai) from 12-14 February with leaders of Gia Lai, Kon Tum, and Dac Lac Provinces to discuss socioeconomic development orientations for the Western Highlands in 1996 and the five-year 1996-2000 period as well as preparations for the upcoming party congresses. Also attending the working sessions were representatives of different departments under the

management of the party Central Committee and of many ministries and sectors.

On this occasion, representatives of the Ministries of Planning and Investment, Agriculture and Rural Development, Transport and Communication, and Industry; delegates from the National Safe Water Supply and Environment Hygiene Steering Committee; and local leaders presented the general socioeconomic development orientations of the Western Highlands and of each province for the 1996-2000 period and the ensuing years.

The reports unanimously pointed out: Since liberation day 20 years ago and particularly after 10 years of implementing the party-initiated renovation policy, the Western Highlands provinces have made progress both in terms of strength and quality. Major changes have been recorded in all aspects of life in the region. Outstanding efforts have been exerted to turn the area into a strategically important economic development zone for the whole country. Good economic development patterns have been worked out and medium- and large-size special industrial crop-growing areas have been set up to produce a considerable volume of goods, particularly coffee and rubber, to meet export demands. Animal husbandry has developed fairly well. Generally speaking, considerable progress has been made in infrastructure building. Cultural and social activities have recorded positive achievements. Political stability and social order and security have been firmly maintained.

Nonetheless, the region is still rife with many problems and difficulties. Cultural and economic activities remain very backward in many remote or deep areas. The average per capita income is low and equivalent only to 60-70 percent of the average general per capita income of the whole country. A fairly large number of households are affected by hunger and poverty. No effective solutions have been worked out to get rid of the bad practice of forest destruction for slash-burn planting purposes. Economic restructuring progress is slow due to the heavy impact of self-sufficiency. There are not enough revenue collections to meet spending requirements and the contingent of cadres and scientific-technical cadres, particularly ethnic minority cadres, is understaffed.

The socioeconomic development orientations of the Western Highlands till the years 2000 and 2010 are as follows: It is necessary to make the region strong in economic performance, stable in social development, steady in environment protection, and firm in national defense and security. This will help the region assume a dual role in the country's overall economic development and national defense strategy. Drastic measures must be

taken to effect economic restructuring in the direction of industrialization and modernization and to increase the economic growth rate by 10-11 percent for the 1996-2000 period.

In wrapping up the views of the working sessions, on behalf of the party Central Committee and the Government, Prime Minister Vo Van Kiet noted with pleasure that over the past years, the efforts of the local party organizations and people of different ethnic groups have brought about encouraging changes in the Western Highlands with every passing day, thus contributing to the national renovation cause.

After analyzing the latent potential of the central highlands region and its position in the country's socioeconomic development strategy, Prime Minister Vo Van Kiet said: It is a way out for the Central Highlands to develop its commodity-oriented economy in the direction of combining agro-forestry with industry (particularly processing industry), services, and tourism. In the years to come, efforts must be made to quicken its economic development at a pace higher than the national average and exploit its potential in forest land satisfactorily in order to create premises for industrialization and modernization. Only by so doing can the region avoid lagging behind other areas in the country. As for agro-forestry, the prime minister said emphatically: Provinces and sectors must zone off areas clearly, choose crop plants and animal species, and map out development plans for each village, hamlet, family household, and new economic zone. It is necessary to bring existing water rice areas into full play and to unfailingly preserve and develop forest resources while devising a plan to promptly cover 1.3 million hectares of fallow land and bare hills with greenery. The region must set aside appropriate land areas for use as grasslands in order to support the breeding of large animals. It must adopt the modes of combining agricultural production with afforestation and promoting agro-horticulture-based economic development among family households. State-run establishments must satisfactorily provide services supportive of production input and output and must offer loans to peasants for forest development, for planting industrial crops and fruit trees, and for carrying out livestock breeding. Agriculturally, the region must direct its concentrated efforts toward its agricultural and forestry products processing industry, as this sector plays a key role in and makes up a large part of our industrial structure, and has a great potential for development, given the characteristics, strengths, and raw material resources of the region. As the processing industry is inseparable from and serves as a motive force for the renovation of agriculture, especially crop patterns and animal species, it helps create close relationships among industry, agriculture, and forestry.

Beside the processing industry, the Central Highlands must develop its construction materials manufacturing industry as well as its mineral ores industry, and it must fully exploit its hydroelectric potential.

To effect a significant change for the better in inaccessible and remote areas, it is necessary to rearrange and redistribute the local population and build the infrastructure, with top priority being given to communications and transportation. In border areas, the redistribution of the population must be linked with the development of production, with the stabilization of the people's life, and with the maintenance of national security and defense. With regard to the ethnic minority compatriots, Prime Minister Vo Van Kiet pointed out: Various sectors and localities must adopt a sponsorship policy through the introduction of various programs for capital investment, for agricultural and forestry promotion, for preferential loans, and for compensation in regard to interest rates. Through various economic organizations, they must provide technical services and make arrangements for products marketing. In zoning off and building population centers, we must pay attention to building the infrastructure in order to facilitate commodity exchanges and help improve the multifaceted life of the multiethnic compatriots and eradicate the social development gap between various regions.

With regard to preparations for the upcoming party congress, on behalf of the Political Bureau, Prime Minister Vo Van Kiet held separate working sessions with the standing committees of various provincial party committees.

The prime minister urged various provinces to satisfactorily conduct party congresses at all levels, during which attention must be paid to analyzing what is good and what is still unsatisfactory in the providing of leadership for socioeconomic development, for party building, and for personnel affairs. Proceeding from this, provinces must draw on good lessons from experience for use in the upcoming development stage. At the same time, they must study and concretize various socioeconomic targets and solutions, particularly solutions designed to mobilize local resources as outlined in the political report and resolution to be adopted at the upcoming party congress.

#### **SRV: Role of Military Enterprises in Economic Development Viewed**

*BK2002155896 Hanoi VNA in English  
1457 GMT 20 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 20—Military enterprises in Vietnam are actively involved in production for economic development as well as military de-

mands, with a combined turnover of over VND [Vietnamese dong] 4,000 billion (roughly USD [U.S. dollar] 360 million) in 1995, an increase of 25 percent over 1994.

They have conducted activities more effectively in the production of consumer goods such as electric fans, automobile brakes, transformers, rain-coats, and bicycle spare parts and in key industries such as energy, coal mining, cement, paper and pulp, and oil and gas.

The Southern Flight Service Corporation is one of the most profitable military enterprises. It performed 4,500 commercial flight hours and opened two new air routes, one in the north and another in the south last year in addition to the provision of flight services to the petroleum and harbour industries as well as conducting of aerial surveys.

With regard to the sea-borne economy, military units have made appropriate investment in increasing the capacity of transport, sea food processing and technology services to sea harbours. Worthy of note in this field are units in the Ninth Military Zone and the Tan Cang Company under the navigation force.

The Truong Son Construction Corporation, the Construction Corporation No. 11 and several construction and installation companies under the general staff won international bids for construction of state-level bridge, ports, airports and national highway upgrading projects.

The Dong Bac Coal Company, which was merged from the 13 coal mining enterprises under various military zones and Army forces, has made significant contributions to stabilising coal mining, processing, and marketing activities.

The central corporation in the central highlands which is tasked to plant and process industrial crops has put more than 800 hectares under rubber and [figure indistinct] hectares under coffee trees last year.

No less important is the contribution by military units to the implementation of national reforestation programmes.

As far as joint ventures with foreign partners are concerned, army enterprises had entered into 49 foreign-invested projects by late 1995 capitalized at USD 445 million with their capital contribution increasing to 40-50 percent from 25-30 percent.

Almost all the projects were in the mechanical engineering industry, ship and plane repair, and construction. Some of them are operating effectively providing service flights, helicopter maintenance, operation of the Saigon village and ship breaking.

#### SRV: Radio Reviews 1995 Economic Record

*BK2002160096 Hanoi Voice of Vietnam in English 1000 GMT 20 Feb 96*

[FBIS Transcribed Text] Vietnam is taking off — that is the call made by British Journalist (David Hatchler) in a story carried by the BRITISH 1995 MARITIME JOURNAL. He was in Hanoi and Ho Chi Minh City to celebrate the 50th anniversary of the Socialist Republic of Vietnam.

Although he only stayed in major cities, Mr. Hatchler understood what was going on in the whole country of Vietnam, both the good and the bad. The last time he came to Vietnam was in 1990. Since then, so many changes have taken place. He wrote: Changes in Vietnam are beyond my imagination. Changes for the better in the last 10 years in Vietnam are not only acknowledged by Vietnamese, but also by foreigners. Vietnam has entered the period of an open economy under the leadership of the party and the government.

On 2 September 1995, Vietnamese people celebrated the 50th anniversary of the homeland and are now in the tenth Spring of the process of renovation. In ten years many high-rises have been built in big cities throughout Vietnam, with the 1995 GDP growth rate of 9.5 percent. Many foreign economists have shared the same opinion that Vietnam's growth rate in the last five years was impressive. Nineteen ninety-five was a record year for Vietnam's economic growth with a total turnover of over 180 trillion dong.

In agriculture, Vietnam obtained 27 million tonnes of food, and became the world's third rice exporter. In 1995, Vietnam exported two million tonnes of rice, together with big volumes of coffee, cashew nuts, and rubber. In a talk with our radio correspondent, the vice minister of Agriculture and Rural Development, Mr. Nguyen Thien Luan said:

[Begin Nguyen Thien Luan recording in Vietnamese fading into English translation] Following the introduction of the open policy, Vietnam encourages the development of different economic sectors, including agriculture. In recent years, agriculture has hundreds of foreign investment projects with the total registered capital of nearly \$1 billion. In 1995 alone, the agriculture sector has 33 big projects valued at \$500 million. These foreign investment projects have generated jobs for tens of thousands of people in rural areas, and helped stabilize their living conditions. Strong investment in high technology helped the agriculture sector turn out varied agricultural products of high quality, making Vietnam's export items more valid [end recording].

In 1995, Vietnam's gross industrial products increased 14 percent, with oil and gas as the pivotal economic sector. In 1995, Vietnam exported nearly eight million tonnes of crude oil. In 10 years ending in 1995, Vietnam exported 34 million tonnes of crude oil, and became the 44th oil exporting country, and the fourth in Southeast Asia. In the field of consumption items, the Vietnamese have established a habit of using domestic goods instead of imported ones. This newly-established habit has helped the promotion of the national economy.

External economic activity has also brought positive results. Of the 159 countries Vietnam has established relations with, 105 had economic and trade ties with Vietnam. Thanks to increasing export value, the import deficit has been narrowed. In 1995, export value grew over 75 percent of import value, and will balance in the near future. Last year, foreign investment in Vietnam achieved a record high since 1988. More than 1,400 investment projects from 700 companies in 55 countries totals \$18 billion. In 1995 alone, 350 projects totalling \$8 billion were licensed. These have greatly contributed to effective national development. Six export processing zones and three large economic zones have been set up. Ninety thousand people have been provided jobs at 1,500 joint venture enterprises, and 100,000 workers at construction sites producing a volume of products valued at \$500 million.

Transport, electronics, mechanic engineering, and auto assembling sectors have made strong development. Alongside major projects on infrastructure, the trans-Vietnam Highway No. 1, Highway No. 5, bridges and road systems, and rural and mountain roads, is the strong growth of the aviation sector. Last year, Vietnam airlines transported two million passengers, and 30,000 tonnes of cargo. It has 23 air routes to 19 international destinations and 25 domestic air routes to 18 destinations. Talking about the development plan for Vietnam Airlines to integrate with regional and world airlines, Mr. Dao Manh Nhuong, deputy general director of Vietnam Civil Aviation said:

[Begin Dao Manh Nhuong recording in Vietnamese fading into English translation] From now to the year 2000, we plan to expand our market to North America and Western Europe. Vietnam was concentrating investment in modernizing three international airports in three regions, and to make Noi Bai in the North and Tan Son Nhat Airport in the South to be international transit airports by the year 2000. In the near future, Vietnam will make more terminals at these airports to meet passengers demand. We will also upgrade information, signal, and control systems, and aircraft to ensure highest safety [end recording].

Another economic sector which has made big step is the posts and telecommunications service. The sector has not only greatly improved the telecommunication network with modern technologies imported from France and Australia, but also increased the number of telephones in the country. Recently, the optical fiber cable line linking Vietnam, Thailand, and Hong Kong was inaugurated. In 1999-2000, Vietnam will have telecommunication satellite with an investment capital of \$250-300 million.

Economic growth has to help improve living standards. By the end of 1995, 65 percent of the total number of communes in the country have been supplied with electricity for daily use and production, and 90 percent have access to motor road. Eighty percent of the total number of communes have communal health centers, and 97 percent has primary schools.

Alongside economic growth, political stability has been maintained and consolidated, and international relations have been expanded, lifting trade embargo, and creating new factors and resources to take the country into the stage of industrialization and modernization. Looking back at 10 years of renovation, people can judge it by Vietnam's improved rating of 88 of 167 by the EUROPEAN MONETARY MAGAZINE. Previously it was 128.

In 1996, with an industrialization and modernization strategy determined at the Eighth National Party Congress, Vietnam will become a rich and powerful nation. This is a goal to be striven by the Vietnamese people.

**SRV: Hanoi Newsstands Pledge To Sell Only Party, State Papers**

*BK1602135696 Hanoi NHAN DAN in Vietnamese  
26 Jan 96 p 4*

[FBIS Translated Text] Some 237 newspaper retailers representing 2,870 newsstand owners in Hanoi recently held a conference under the sponsorship of the Hanoi Postal Service and Press Distribution Corporation to discuss ways to increase distribution of retail newspapers.

The conference hailed newspaper retailers for having sold tens of thousands of copies of newspapers to readers everyday. They praised the newspaper retailers for never balking at having to work early and late hours; they hailed the retailers for braving sunshine and rain while going about their business, which begins everyday at 5 a.m. and ends at 10 p.m. The conference also praised the many newsstands located in the following densely-populated areas for having helped disseminate party and state policies, and lines to the people of various strata: Trang Tien, Hang Trong, Cua Nam, Cho Mo, and Nga Tu So.

Hanoi now has 2,870 newspaper retailers who are mostly low-income people such as cadres, workers, retired government employees, incapacitated people, and those in difficult economic situations.

Those attending the conference aired their views, thanking the party and the state for having created conditions for them to provide greater service to readers and thereby earning more income with which to feed their families. They also asked the local administration, the cultural and information offices of various precincts and districts, and the Hanoi Cultural and Information Service to grant business licenses to newspaper retail outlets.

The participants pledged to satisfactorily implement Ordinance No. 36/CP, which calls for refraining from unlawfully occupying roadsides as this hinders road traffic. They also pledged to strictly comply with Ordinance No. 87/CP, which calls for selling only party- and state-owned newspapers, and to avoid selling issues of newspapers with unwholesome contents as this will amount to violating the state regulations.

## Australia

### Australia: Commission, Elimination of Nuclear Weapons Viewed

*BK1802124196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 6 Feb 96 p 16*

[Article by Geoffrey Barker: "Disarmament From Pages of Wilson and Hobbes"]

[FBIS Transcribed Text] Gareth Evans has expressed irritation at what he calls the scepticism of those, including myself, who have argued that the establishment of the Canberra Commission on the Elimination of Nuclear Weapons was a naive and romantic initiative.

Setting aside churlish speculation that the commission was set up primarily to attract young and green votes in the coming Federal election, let me explain why I cannot suspend scepticism and meet the Foreign Affairs Minister's request that I praise what he says is a visionary bid to improve global security.

Essentially the commission is an expression of the optimistic liberal or Wilsonian theory of international relations that assumes nation states can recognise and act on the logic of co-operative security based on the rule of international laws and norms to which all subscribe.

The commission, composed of 16 philosopher kings of international security policy, is charged with developing a blueprint for staged global disarmament over the next 30 years or so and presenting it to the United Nations General Assembly in April. By definition, its report will be a map for establishing a new Wilsonian legal world order free of nuclear weapons.

But standing against the liberal Wilsonian view of international relations is the pessimistic Hobbesian realist theory that stresses the primacy of power relationships between nation states in an essentially anarchic international order. The realist view stresses the need for a balance of power between states to maintain international equilibrium in order to contain conflict.

Of course, persuasive arguments can be made for both the liberal and realist positions.

But there is undeniable force in the observation of Dr Henry Kissinger, the U.S. scholar and statesman, that no liberal juridical international system has ever been successfully established. Ultimately, stability depends on maintaining the balance of power — not on an illusory global legal order.

It is now a cliche that the end of the Cold War is producing a new, more complex and potentially less stable world order as the old bipolar post-war world

is replaced by a multi-polar world in which several major states, mostly nuclear armed, are working out new bilateral and multilateral relationships against a background of dynamic international economic, social and political change.

The United States may be the last standing superpower, but the continuing emergence of Japan, China India, and the Western European Union, as well as Russia's troubled but persistent search for a new global role, presents immense potential challenges to international security arrangements.

At the same time nuclear technology is becoming cheaper and more accessible, and increasing numbers of states, including terrorist states like Iraq and Iran and North Korea view the acquisition of nuclear weapons as a desirable objective; especially, ironically, since last year's UN decision to extend the Nuclear Non-Proliferation Treaty indefinitely had the effect of perpetuating the nuclear monopoly of present nuclear states.

As British scholar Michael McGwire wrote in the Spring 1995 BROOKINGS REVIEW, in the article that inspired the formation of the Canberra Commission, "Failing a change of Western policy we will certainly face a world of many nuclear states within the next several decades...nuclear arms racing will surely reappear".

Significantly, the distinguished Henry L. Stimson think-tank in Washington DC has already produced a detailed four-stage liberal plan for global nuclear disarmament, arguing that "the national security of the United States would be better served by a dynamic policy of phased bilateral and multilateral reductions and gradual movement towards the objective of eliminating all nuclear weapons from all states".

But the difficulty, as Kissinger notes in his magisterial book "Diplomacy", is that none of the states facing the construction of the new world order has had any experience with the sort of multi-state system that is emerging. "Never before has a new world order had to be assembled from so many different perceptions, or on so global a scale," he writes.

Yet the essential demand of the Canberra Commission is that nuclear-armed states confronted by this uncertainty, commit themselves to giving up over time the weapons that are the ultimate numeraires — the totemic currency — of their offensive and aggressive power in order to secure a wider Wilsonian global good. Would that such altruism and reason ruled the world.

Ultimately, in my view, the co-operation envisaged in the liberal view of world affairs can only be constructed on the foundation of the sort of balance-of-power equilibrium that defines the realist approach to international

security. Nuclear states will not seriously entertain nuclear disarmament until they are satisfied that the essentially anarchic world order is securely contained within a stable balance-of-power equilibrium.

In short, the Federal Government has put the Wilsonian cart before the Hobbesian horse. Nuclear disarmament, however desirable, will remain a chimera at least until a new and stable world balance of power is established.

### Australia: CPI's Rise Keeps Inflation Rate at 5.1 Percent

*BK1802105396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 25 Jan 96 pp 1,5*

[Report by Steve Burrell]

[FBIS Transcribed Text] Australia's inflationary surge appears to have reached its peak, with the lowest quarterly price rise in a year easing pressure for an interest rate rise before the election.

But analysts say the slackening of inflationary pressures will not allow any early cut in official rates.

The figures released yesterday by the Australian Bureau of Statistics showed a 0.8 per cent rise in the December quarter consumer price index [CPI], keeping the annual "headline" inflation rate at 5.1 per cent.

The pace of underlying inflation is also slowing, but persistently strong wages growth and the prospect of a bounceback in the economy later in the year are expected to keep monetary policy on hold for at least the first half of 1996.

The 0.7 per cent rise in Treasury's measure of underlying price rises which excludes items heavily influenced by tax changes and other one-off factors — was down sharply on the 1.2 per cent jump in the September quarter, and the smallest increase since March. But big rises recorded in the second half of 1995 mean the annual rate of underlying inflation rose slightly to 3.2 per cent from 3.1 per cent in September and is not expected to reach its peak until at least the March quarter.

The underlying inflation rate also remains outside the Reserve Bank's target range of 2 per cent to 3 per cent, and is unlikely to fall below the 3 per cent threshold this year. But the signs that the headline inflation rate has reached its peak nevertheless add to the recent run of good economic news for the Keating government as it approaches the federal poll, dampening fears of further interest rate rises and allowing it to offer the hope of rate cuts after the election.

The treasurer, Mr Willis, yesterday said the figures provided "clear evidence that the headline rate has peaked and will fall substantially next quarter".

The government has set its economic agenda very much for growth, it's got that growth... and we've done that with low inflation," he said. "Clearly, the prospects are for lower inflation in the future."

But the Opposition's Treasury spokesman, Mr Costello, said the plateau in the inflation figures showed there was no relief in sight for homeowners and small businesses. Mr Costello said Australia's headline inflation rate of 5.1 per cent was the second-highest in the developed world, keeping pressure on interest rates.

"There's no relief in sight for the hard-pressed mortgage payer and no relief in sight for the small business person that is paying such high interest rates under Mr Keating's management," he said.

"The underlying inflation rate which is the rate which the Reserve Bank targets, has moved up to 3.2 per cent.

"That's the rate that interest rates are dependent upon, and whilst it's as high as that, outside the band of the Reserve Bank, you are not going to get any relief on interest rates."

Financial markets gave a mildly positive response to the inflation figures — which were right on analysts' expectations — pushing bond and bill yields slightly lower. Analysts expect the headline inflation rate to fall over the next few quarters from its 5.1 per cent plateau as big quarterly rises in the first three quarters of 1995 "drop out" of the annual figure.

Signs that wages growth, while still strong, has peaked and the prospect of a soft economy for at least the first half of the year suggest that underlying inflation pressures may also have peaked in quarterly terms.

But despite falling overseas interest rates, the Reserve Bank is expected to keep policy on hold for at least the next few months as it awaits further evidence on inflation, wages and the economy.

It will be particularly focused on the next average weekly earnings figures, due on February 8, which will give a clearer picture of whether wages growth has plateaued or is on the way down.

Yesterday's figures showed that the rise in the CPI in the quarter was largely driven by big increases in the price of cigarettes, medical services, holiday travel and accommodation, car insurance and the lingering effect of higher mortgage interest rates.

There was further evidence of a moderate slowdown in the economy yesterday with a 0.5 point (0.3 per cent) rise in the Westpac leading index of economic activity for November.

Westpac senior economist Mr John Peters said the six-month smoothed annual growth rate of the index, which provides a guide to future economic growth, remained in negative territory but did not signal a sharp contraction in 1996.

But the bank's coincident index which measures the current health of the economy, surged 2.7 per cent, reflecting big rises in jobs and retail sales in the month.

#### **Australia: Fund Managers Urged To Boost Investors' Confidence**

*BK1802114496 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 6 Feb 96 p 16*

[Editorial: "More To Do by Fund Managers"]

[FBIS Transcribed Text] It's always good to finish a year on a strong note and that's precisely what Australia's retail funds management industry did in 1995. After suffering a net outflow of \$2 billion [Australian dollars] in 1994-95, which pulled the funds under management back to \$83 billion, it staged a comeback in the last quarter of the calendar year, ending with a total kitty of almost \$89 billion.

That result, released yesterday, is encouraging news for managers and investors alike. Certainly it would have been extremely disappointing if support for the industry had continued to slide since, for the bulk of investors, a well-run managed fund is a highly effective investment vehicle.

Unfortunately, not all funds are well run. The poor performance of many of Australia's fund managers during the big bond sell-off in early-1994, and the adverse impact of this on so-called capital stable funds, is the most recent evidence that the investment skills of quite a few local managers is less than ideal.

Given that this setback was preceded by a long string of adverse developments — from the big losses suffered in the 1987 sharemarket crash through to the collapse of unlisted property trusts and the slump by capital guaranteed funds — it is hardly surprising that quite a few investors are less than enthusiastic about managed funds.

What's more, a closer look at yesterday's figures suggest that this experience continues to place a dampener on the industry's ability to attract new money.

To start with, much of the lift in funds under management in 1995 was the result of rising asset values thanks, in part, to the solid performance of local equities and very strong gains recorded on key overseas markets, especially Wall Street. Of the \$9.4 billion increase in assets managed by retail funds during 1995, \$1.7 bil-

lion represented net inflow and the remainder was the result of rising valuations.

Then there is the fact that net inflow, while gaining impetus in the latter part of the year, went mainly into just two types of funds — those which target income and specialist superannuation funds.

The support for the former, in particular cash-management trusts, suggests investors were uncertain and merely opting to stay liquid. The support for the latter partly reflects regulatory changes which resulted in some switching from rollover funds.

In neither case does the inflow reflect a strong vote of confidence in the managed funds industry as a whole. On the contrary, diversified managed funds and pure equity funds — the two categories which require the greatest investment skill to produce good returns and which don't have any particular regulatory or tax support — continued to attract only limited inflow from investors.

This is extremely disappointing, since a strongly based retail managed funds industry is an important force for marshalling non-superannuation savings and directing them, at least in part, into the local sharemarket.

It is, no doubt, also very frustrating for the fund managers, given that many of them were able to deliver investors very good returns on their diversified funds and specialist equity products in 1995, a fact highlighted by the strong rise in asset values.

Part of the trouble, presumably, is the way the performance of many of these and other types of funds has been very volatile. Another barrier to attracting more money is the high fee structure of most retail funds, a situation which, in part, reflects the difficulty of achieving economies of scale in Australia's relatively small market.

Yet another handicap for retail funds is the way the compulsory superannuation system diverts savings mainly to wholesale funds, while Australians' love affair with residential real estate also acts as a barrier to the flow of funds into equities-based managed funds.

Despite these factors, there is little doubt Australia's retail funds management industry could — and should — be doing more to establish itself as part of the investment life of all Australians, much as mutual funds already are in the United States.

Whereas the flow of money has all but stalled in Australia, in the US it continues to roar ahead. There mutual funds are attracting record monthly inflows, with the annual inflow running at around \$US150 billion

(\$200 billion). The total amount under management now exceeds \$US3,000 billion.

It may turn out that the size of this inflow, and the impetus it is providing to Wall Street, is excessive. If so, the correction could cause quite a bit of financial pain, especially for investors in poorly managed funds.

The hard fact for Australia's fund managers is that, although they are missing out on the big inflow of money, they stand to be hurt just as badly should Wall Street stage a sudden retreat. If this happens, the task of rebuilding investor confidence will be harder than ever.

#### **Australia: More on Opposition Leader's Official Campaign Launch**

*BK1902040196 Sydney THE SYDNEY MORNING HERALD in English 19 Feb 96 (Tentative)*

[Report by Tony Wright — received via Internet; all dollar figures in Australian dollars]

[FBIS Transcribed Text] The Leader of the Opposition, Mr Howard, has bid \$1 billion a year to try to secure the family vote, promising to lift the tax-free threshold for the vast majority of families with children.

He also sought yesterday to cement his pitch to the small business community, confirming that a Coalition Government would provide relief from capital gains tax when businesses were sold to buy another similar business, or to provide for retirement.

Mr Howard also set his line for the scientific community, saying that he would restore \$20 million a year withdrawn from the CSIRO [Commonwealth Scientific and Industrial Research Organization] by Labor's 1994 Budget.

He further offered to increase research funding in universities by \$90 million — or nearly 30 per cent — over the first term of a Coalition Government.

And in a move to steal the Government's thunder on environmental guarantees in far north Queensland, Mr Howard promised \$40 million to protect high conservation areas in Cape York under the Cape York Land Use Strategy.

His promise came at virtually the same time Mr Keating pledged in Cairns the same amount for a similar purpose.

With less than two weeks to the election, Mr Howard put the stable family at the centre of his official campaign launch in Sydney.

His family package raises the spectre of a bidding war between the Coalition and the Government for the family vote.

Senior Government figures indicated yesterday that Labor was busily preparing its own family package to be launched late in the campaign.

Mr Howard promised that a Coalition Government would increase the tax-free threshold for families earning up to \$70,000 a year by \$1,000 for each child.

And single-income or sole-parent families with at least one child below the age of five would have a further \$2,500 added to the threshold — an incentive worth \$500 a year and clearly aimed at parents who wish to look after their children full-time at home.

Welfare groups were angered to learn that full-time mothers could receive more than \$20,000 in unearned income from trusts and shares and still be eligible for the extra \$2,500 rebate, while mothers who worked part-time for much less money would not qualify.

The family tax package would cost \$500 million in the first year and \$1 billion a year after that — adding \$500,000 to a Howard Government's task in bringing in its promised underlying surplus in its first Budget.

New spending announced yesterday totalled \$3.3 billion over three years, taking the Coalition's campaign promises to \$6.2 billion. It is to be paid for by spending cuts announced last week, and which the Government claims already have a \$3 billion "hole".

The Prime Minister, Mr Keating, dismissed the family package, saying Mr Howard was making "promises he knows he can't possibly fund".

But Mr Howard made it clear that he had more big-spending policies to come.

His campaign documents gave a broad hint of interest breaks to promote savings, saying that the Coalition would "be addressing the inequity in the current level of interest earned on savings and making an announcement on that issue later in the campaign".

#### **Australia: Keating Attacks Labor 'Costings'**

*LD1902141696 Melbourne Radio Australia in English 1100 GMT 19 Feb 96*

[FBIS Transcribed Excerpt] [Announcer] Prime Minister Paul Keating says there is a 5.8 billion [Australian] dollar hole in the opposition's policy costings, describing it as the Grand Canyon of all fiscal holes. Louise Yaxley reports Mr. Keating says opposition leader John Howard is making irresponsible and unaffordable promises.

[Yaxley] Mr. Keating says Labor has already revealed the great bulk of its policies and the funding for them. He has attacked the opposition for releasing its policies

and costings so close to the election date. [passage omitted]

He says the opposition can't afford its promises, which include giving the states a fixed share of revenue and giving a tax break for interest on savings.

[Begin Keating recording] There are total spending promises of 6,651 million over three years. This is more than double Labor's fully funded election commitments. [end recording]

[Announcer] Meanwhile, opposition leader John Howard says today has not been his best day in the election campaign. The comment follows a mistake he made in a radio interview about the income limit for tax relief measures. Alexandra Kirk reports Mr. Howard was forced to correct himself on details of his family tax package.

[Kirk] Mr. Howard incorrectly stated on [word indistinct] in Sydney that the absolute cut-off point for tax concessions under a coalition government would be \$70,000 per family. Mr. Howard then corrected the error, pointing out the \$50,000 threshold would rise by \$3,000 for each child. Mr. Howard says the matter is now closed.

[Begin Howard recording] I think I dealt with that this morning. Today hasn't been my best day. [end recording]

[Kirk] After launching the coalition's women's policy, Mr. Howard tripped as he left the podium. A spokesman says Mr. Howard has torn some ligaments in his ankle, which will take a couple of weeks to fully heal.

#### **Australia: Opposition, Labor's Economic Policies Viewed**

*BK1802140596 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 8 Feb 96 p 14*

[Editorial: "Battle Is Over, Not the War"]

[FBIS Transcribed Text] If there is one word that best describes the policy debate that has so far taken place during the election campaign it is convergence. And nowhere is this more the case than in the area of economic policy. Here the convergence has been so great that not only are the announced policies of the two sides extremely similar so is their lack of enthusiasm for debating some of the really big economic issues — in particular, how to wind back the Budget deficit, boost national saving, and bring the current account deficit under control.

The first aspect of this convergence — the similarity of announced policy — is to be welcomed. This is because both sides are in essential agreement that the

best way to underpin the Australian economy, and so the wealth which supports Australia's enviable social stability, is to continue to press on with the sort of micro-economic reform that is needed to bolster our international competitiveness.

At this point neither appears to have any real interest in turning the clock back to the time when local industry operated behind a protectionist wall, when financial and other markets were subjected to heavy-handed regulation, and when Australia looked inward, not outward.

As a result a change of government is unlikely to result in a fundamental change in approach to economic management. The debate, at least potentially, is about the detail of this management process — important detail, but detail nevertheless.

It is for this reason, in particular, that it is reasonable to argue — as Robert Haupt does in today's issue of THE AUSTRALIAN FINANCIAL REVIEW — that the heat of old has gone out of the economic debate.

Today the key goals have been achieved. Tariffs have been slashed, the dollar floated, financial markets opened up, and old government businesses largely privatised. At the same time, the general direction of future change — more micro-economic reform, less unnecessary government intervention — is also supported by both sides.

All this should be applauded.

Yet as we do this it would be wise to stop for a moment and reflect on whether it is only the economic battle that has been won, not the war.

Instead of seeing the key issues of the future as being essentially political — for example, constitutional change — it is highly likely that, as in the past decade or so, they will continue to be very much focused on the economy.

The central reason for this is the fact that however much the rival parties may pretend otherwise during the election campaign, the big economic problems that face Australia won't just fade away. They will be just as potent after March 2 as they are today, none more so than the problem of winding back the Federal Government's underlying Budget deficit.

The impossibility of achieving this crucial goal without either lifting taxes or cutting spending, or both, is the reason, of course, that both Labor and the Opposition have so far said so little about it.

Given that action on the Budget deficit is also a vital part of tackling Australia's continuing balance-of-payments

problems, this also explains why the issues of the current account deficit and Australia's foreign debt are generally being sidestepped during the campaign.

Much the same can be said of the challenge of cutting Australia's unacceptably high unemployment rate while still holding the line on inflation. When the solution — in this case, long overdue labour- market reform — is likely to result in an erosion of employment conditions, at least in some sectors, it is hardly surprising that it is a topic politicians prefer to play down.

There is, however, another more general reason why the recent political convergence on economic policy issues doesn't mark the end of the fight to overhaul the Australian economy.

This is the fact that, just as with other important policy issues, success should never be taken for granted.

The series of outbursts during the recent recession against the claimed evils of "economic rationalism" provided a reminder that there are still those who hanker after a much more interventionist approach to the economy, one where the government tries to pick winners, embraces protectionism, and backs away from privatisation and micro-economic reform.

In the same way, the Opposition last year showed disturbing signs of backing away from tariff reform and, more recently, of being only too willing to exempt various business sectors from the full force of competition reform.

The threat of this sort of economic backslicing, together with the daunting task of winding back both the Budget deficit and current account deficit, mean the economy, more than anything else, is likely to remain the central focus of concern for a long time to come.

#### **Australia: Paper Comments on Opposition's Industry Statement**

*BK1802115196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 7 Feb 96 p 14*

[Editorial: "Coalition Lacklustre on Tariffs"]

[FBIS Transcribed Text] Six months ago the odds on getting a sensible industry policy from the Opposition were looking worryingly long. At that time the Coalition's spokesman for industry and commerce, Mr John Moore, was showing every sign of giving in to Australia's protectionist lobby.

Mr Moore spoke of slowing the program of tariff cuts and adopting a policy of trying to "pick winners". In other words, he was manifesting very definite symptoms of wanting to call a halt to one of the Labor Govern-

ment's more successful policy initiatives — the lifting of Australian industry's international competitiveness by removing the swag of protectionist and interventionist policies which had for so long left local industry dependent on a cosseted local market.

There was a real risk that Mr Moore's views, as presented last year, would form the central element of the Coalition's industry policy. Fortunately, this has turned out not to be the case. Instead, the industry statement he delivered yesterday makes rather more economic sense than the approach he put forward last year.

Of particular importance is the way it, at least to a large extent, commits a Coalition government to the tariff reforms already implemented by the Labor Government including the planned reductions due to take effect up to the year 2000.

This commendable stance — which carries all the signs of having been shaped by the leader of the Opposition, Mr John Howard, not by Mr Moore, — has pulled the Coalition back from the brink of making a major policy mistake.

It has not, however, prevented it from producing a policy which can, at best, be described as uninspiring. Certainly it is notable for the absence of any imaginative initiatives which will boost the international competitiveness of Australian industry — an objective which should be central to any well-constructed industry policy.

Instead, much of yesterday's industry statement is yet another example of the policy convergence which is rapidly becoming the hallmark of this election. Some of that convergence makes sense; a lot, including the Opposition's industry policy, smacks of an unimpressive attempt to cling to the middle ground.

Even worse, there are specific elements of the policy which suggest that a Coalition government, if pressured hard enough by the protectionist and other industry lobbies, could start backslicing on tariff and other industry reform.

Certainly, its willingness to commit itself to making greater use of the government's purchasing power to assist local industry displays a depressingly interventionist bent.

Equally unfortunate is the way yesterday's statement by Mr Moore links the prospect of further tariff reductions after the year 2000 to the implementation of other micro-economic reform initiatives. While it can be hoped that such initiatives, especially in the area of

labour market reform, will be extensive, the implementation of these should not be linked to further tariff cuts.

Instead, the two areas where tariffs will still need to be reduced after 2000 — the automotive and textiles, clothing and footwear industries — should be subject to tariff cuts irrespective of what happens in other areas of microeconomic reform.

Although the Opposition has committed itself to proceeding with the planned reviews of the assistance provided to these two industries, it has also made a commitment to "the maintenance of a viable, prosperous and internationally competitive Australian car industry".

The trouble with this otherwise appealing goal is the risk that, in honouring this commitment, a Coalition government may come under extreme pressure to implement costly assistance programs.

That this is likely to be the case is suggested by the way in which the car industry has, in the past, shown itself to be all too inclined, when the going gets tough, to seek government help rather than to make the extra effort needed to lift its own competitive performance.

Instead of committing itself to maintaining an Australian car industry, the Opposition should be putting the emphasis on pushing vigorously forward with the sort of wide-ranging micro-economic reform which will ensure that Australian industry is in the best possible position to compete internationally.

If, in this environment, the car industry proves to be unviable, so be it. Efforts to protect it will only result in distorted investment decisions, a mendicant managerial mentality, and dysfunctional on-costs for other industry sectors — precisely the trifecta of problems from which this country has been struggling to free itself.

The Keating government's enthusiasm for this struggle has waned in the past few years. Based on yesterday's industry statement, the chance of a Coalition government injecting it with new vigour seems slim.

#### **Australia: Editorial Views Opposition Leader's Campaign Launch**

*BK1902041096 Sydney THE SYDNEY MORNING HERALD in English 19 Feb 96 (Tentative)*

[Editorial: "Howard Stays on Course" — received via Internet]

[FBIS Transcribed Text] Mr Howard's speech to launch the Coalition's election policy maintained his strategy that has been in place for more than a year of giving the Prime Minister as small a policy target to aim at as possible. This required some nervelessness in the lead-

up to the election as Mr Keating hammered away at Mr Howard as a "policy-free zone". Aside from the family plan tax concessions — which will provide a fistful of dollars for a majority of families — there was little in Mr Howard's speech by way of new argument or new policies. During this campaign — and yesterday at the Ryde Civic Centre — Mr Howard continues to present himself to voters as the safe, steady "Honest John" of Australian politics, rather than as a leader of vision or the practitioner of big picture politics.

One of the biggest rounds of applause from the faithful at the launch came when Mr Howard proclaimed that "governments should be the servants of people". Mr Howard maintains the courage of his restrictions. He will need to continue to keep his nerve, though, as Mr Keating, in the last two weeks of the campaign and behind in the polls, mounts a sharp and vicious attack on the main policy initiative of the launch, the family tax concessions plan.

Mr Keating had a statement out to the media as Mr Howard was finishing his speech yesterday accusing the Liberal Party Leader of being "cynical and unscrupulous" and playing a "confidence trick" on Australian families by putting forward a policy "he can't possibly fund" and has "no hope of delivering". Mr Howard, in fact, made no attempt during his speech to provide a detailed costing of the family tax concession plan or where the money was coming from to fund it. During the speech, he did not even give a figure for the cost of the concessions. His rhetoric concentrated on the ideology of the concessions. What families wanted, he insisted, was "choice" and his plan recognised this need.

This lack of substance in details and arguments marked the content of the speech. At its beginning, Mr Howard claimed that he was going to bring together the "essential arguments" on why Australia "emphatically needs a change of government". But what followed was more assertion than argument. The Coalition had embarked on "nation-building" after World War II; it had broken down the "White Australia" policy; the current account deficit was the worst in the western world; the nation needs "fundamental industrial relations reform"; the high level of unemployment, especially among young people, was a "social tragedy"; the Coalition has produced "the most comprehensive environment package ever laid out in Australia".

On the issue of leadership, which has been the cornerstone of Mr Keating's campaign, Mr Howard — surprisingly — had little to say. There were no strident claims about how decisive a leader he had been in the past. Neither was there a detailed attempt to attack Mr Keating directly. This is despite the fact that the Prime Minis-

ter, in his policy launch, attacked Mr Howard's honesty for linking the Coalition's \$1 billion [Australian dollars] environment policy to the one-third sale of Telstra. Mr Howard restrained himself to the aside that "the other bloke will sell the lot off".

Mr Howard finished with a discussion of the "All Of Us" slogan (rather than the "Enough Is Enough" alternative). He used code words ("the mates") rather than direct accusation to make his points. Mr Keating's policy speech had the urgent appeal of a politician struggling to stay in the race. Mr Howard spoke yesterday like a frontrunner determined not to risk his lead.

### New Zealand

#### New Zealand: Article Views Defense Procurement 'Wants'

*BK1002093496 Christchurch THE PRESS in English 9 Feb 96*

[Article by Kevin Taylor: "NZ [New Zealand] Faces Huge Defence Bill" — received via Internet]

[FBIS Transcribed Text] New ships, helicopters, and missiles worth more than \$1 billion [currency not specified] are on the New Zealand Defence Force's list of wants over the next two years.

The defence spending commitments coming up for a decision amount to the whole New Zealand defence budget for a year — although payments for large items would be spread over a long period.

The biggest buy would be the \$1 billion for two more Meko 200 Anzac frigates to add to the two the Labour Government decided in 1989 to buy. The deadline for a decision to take up the option to buy the two extra ships is November next year.

Whether the potential purchase becomes an election issue remains to be seen, but both Labour and the Alliance [group of opposition parties] oppose taking up the option, and the Minister of Defence, Warren Cooper, believes the navy will not get the other two. National has no policy on buying the other two frigates, but Mr Cooper does not see MMP [mixed member proportional] as a conducive environment for such a purchase.

While he agreed there would be some pressure from the navy and Australia to take up the option, he says "we don't react on the basis of pressure".

The first two new frigates are already costing \$1.24 billion, including onshore support facilities. They are replacing the already departed Leander class frigate Southland (it has gone to scrap) and the frigate Waikato.

The first of the new ships, Te Kaha, is due for delivery in March next year. The second ship is due for delivery in late 1998.

The two extra Anzac frigates would replace the ageing Leander-class frigates Canterbury and Wellington. The navy has always seen a four-frigate navy as the basic minimum blue-water force size. The Alliance defence policy, however, advocates not getting any Anzac frigates at all. New Zealand would exercise its right under the frigate contract to withdraw. Te Kaha would be sold and the second vessel would go towards the Australian quota.

To replace the present frigates, smaller ocean-going but helicopter-capable patrol vessels more appropriate for New Zealand fisheries patrols and disaster relief would be bought. The Alliance's defence spokesman, Keith Locke, says something like the Castle-class patrol craft would be appropriate, and a lot cheaper than frigates designed for inclusion in a larger naval flotilla.

Despite being a member of the Labour Government that decided to buy the frigates, Labour's defence spokesman, Geoff Braybrooke, says they are "bloody expensive" and would eat up all the defence budget, leaving little for the other services. He personally favours replacing the Canterbury and Wellington with two or more 4000-tonne ocean-going former US Coastguard cutters, which are "considerably cheaper" than Anzac ships.

The frigates are the most obvious possible defence buy, but there are others.

The ministry will make its recommendation in March or April on the replacement for its obsolete Wasp naval helicopters, which date from the mid-1960s. The value of the contract will be more than \$200 million [m] for up to six helicopters.

The contenders are the American Kaman SH-2G Seasprite, and the British Westland Super Lynx. The aim, says the ministry, would be to have the helicopters in service with the navy by 1997-98. Mr Cooper says no decision has been made yet, but he thinks approval to buy will be given.

In addition to the frigate option, the ministry has arranged a non-binding option to buy eight C-130J Hercules aircraft from the United States under a contract between Australia and the Lockheed Martin Corporation. The cost of the new planes, to replace the transport aircraft now in service with the air force, will be between \$300 million and \$400 million. The air force at present has five C-130H Hercules dating from the 1960s, nine Andovers, and two Boeing 727s.

We have until 1999 to take up the option on the new planes. The air force would expect to take delivery from 2002 onwards.

Mr Cooper says the possible purchase of replacement Hercules planes was at a "very embryonic stage", and a decision was a long way off.

Major defence projects already approved include:

The re-winging of the air force's six P3 Orion maritime patrol aircraft. The contract, worth \$100 million, also includes fitting new horizontal stabilisers. A contract for the supply of components was signed with Lockheed Martin Corporation last May.

The long-awaited military sealift ship, the \$14 million Charles Upham, which was bought in December 1994. It can carry up to 150 troops, armoured personnel carriers, two helicopters, field guns, and other equipment. It will be used to deploy the army's ready reaction force.

Other major projects in the pipeline are:

A replacement for the Tui and Monowai. The navy is awaiting approval from the United States Congress before further discussions can proceed on buying a former US Navy ocean-surveillance ship of the Stalwart class. The 2200-tonne displacement ship — likely to cost about \$10 million — would fit into one hull the hydrographic and oceanographic roles performed by the Tui and Monowai.

A \$19 million plan to buy the French Matra Mistral low-level surface-to-air missile for the army, as well as night sights and radar. This has been put on hold because of political difficulties over French nuclear testing at Mururoa and nearby atolls.

The New Zealand Defence Force is reluctant to discuss its "wish list" of military equipment.

The Chief of Defence Force, Lieutenant-General Tony Birks, is not willing to discuss equipment purchases beyond those the Government has already approved and the ministry is in the process of acquiring.

As for the ministry, a spokesman, Jock Vennell, said possible longer-term purchases were the subject of ongoing discussions between the ministry and "relevant ministers", and could not be made public yet.

Retired Vice-Admiral Sir Somerford Teagle, who was until February 1995 the Chief of Defence Force, also declined to comment on the issue.

However, a ministry official, Robin Johansen, was quoted in the August "Australia Defence Monthly" magazine as saying that an armoured fighting vehicle to replace the M113 armoured personal carriers — again dating from the 1960s — was also on the shopping list.

There were several options for a replacement, and the figure of about \$80 m was associated with the project.

Mr Braybrooke says the "chickens are finally coming home to roost" with military spending, because for years nothing has been done to replace ageing equipment. What the services buy depends on their role — which Mr Braybrooke sees as the defence of New Zealand, civil emergency and disaster relief, and participation in United Nations peacekeeping missions.

To that end he supports the replacement Hercules planes, and also sees it as important the 14-strong Iroquois helicopter fleet, which dates from the 1960s, is replaced in the next few years. However, the air force envisages keeping the Iroquois fleet well into the next century. The air force may even buy more Iroquois helicopters and upgrade the fleet.

In addition, the air force envisages replacing the Skyhawk attack jets towards the end of the next decade.

Given the peacekeeping role, Mr Braybrooke also supports buying air defence missiles for the army. The army at present had "absolutely nothing" to fire at aircraft except rifles.

He also supports the purchase of the Charles Upham, and the re-winging of the Orions. However, the naval helicopter bought should be in sympathy with what Australia was buying, he says, and it would be silly buying an "orphan".

Mr Braybrooke says the armed forces are essential and deserve good equipment. However, they could not spend too lavishly at the expense of areas such as health and education.

Mr Locke says patrol boats, replacement Hercules planes, and a small number of naval helicopters without the sophistication of types such as the Seasprite and Super Lynx should be bought. As for the Anzac frigates, he says the Alliance will be presenting them as an election issue.

"It's partly the cost, and partly it's going to unbalance our whole approach to defence in terms of what is going to be needed. To date, frigates have been of little use to us."

**New Zealand: Editorial on Premier's 'State of Nation' Address**

**BK19020450** Christchurch *THE PRESS* in English  
14 Feb 96

[Editorial: "Here National Stands" — received via Internet; all dollar figures in New Zealand dollars]

[FBIS Transcribed Text] Politics and values are inextricably mixed, despite what cynics say. In an election year it is particularly difficult to keep them apart — politicians find it rewarding to pitch their claims in terms of the aspirations and beliefs of the community.

In his state of the nation address, Jim Bolger, the Prime Minister, was more oriented towards politics than he was towards values, but values were far from ignored. In a way he was putting a National Party slant on the traditional values of New Zealand, trying to show the country that those values were made in a National Party image. Just as the workings of an engine might be described as applied mechanics rather than mechanical theory, so the content of the address might even be described as applied values.

The references to many of the values New Zealanders have held dear were all there: giving everyone a fair go, the value of the family, the virtues of working and saving, the need for a job, the value of a good education, and a concern for the less fortunate. The National Party of course does not have such values to itself. Despite the proliferation of political parties to meet the circumstances of the new electoral system, most parties would identify with the same values. Indeed, some of the values the Prime Minister enunciated are shared by that part of the world which has a developed sense of democracy and justice.

It was in the approach to the achievement of these values that Mr Bolger's speech became most interesting and where the distinctiveness of the National Party vision became plain. It also became clearer that his reference to values was not simply a way of producing communal cheer. Consider the Prime Minister's assertion that everyone should have a fair go. Mr Bolger said that, when it became apparent that the country was entering a period of sustained growth, after government debt was reduced and an additional \$1.2 billion for social policy, education, and family assistance was allocated, "the decision was made to develop the biggest package of assistance ever for middle and low-income families. A package that combines tax cuts and direct family assistance." The "path we are now on does not stifle incentive or the kiwi sense of a fair go. It harnesses it."

Or take education. Mr Bolger cited figures showing that the Government was committing more than \$6 billion

to education in the 1996-97 year, compared with \$4.5 billion in the 1990-91 year. He said the Government wanted teachers to be paid like "all other professionals, on the basis of their ability to do the job they are trained for". And then came the political crunch. He argued that other professional groups did not demand or seek a national pay scale. "The irony is that the only thing stopping the Government paying good teachers more is their union, and the only thing stopping us from integrating the primary and secondary teachers' salary and conditions is the PPTA [Post Primary Teachers Association]."

On the family and working and saving, he again cited the benefits of the tax cuts, as well as family support payments.

If it had not been a speech entitled "New Zealand Values", many of the things Mr Bolger said might have been unexceptional. In fact, what New Zealand was treated to was a recital of the value system of conservatives. The striking aspect was that Mr Bolger was merging the National Party value system with that of the traditional values of New Zealanders, although that was not what caused the most public stir about his address. The stir was focused on the overtly party political comments about the links between the Alliance and Labour. These comments caused Helen Clark, leader of the Labour Party, to reject Alliance economic policies and establish the limits of the talks being held with the Alliance.

Because of the effect it has had on the Labour Party and on Labour's relationship with the Alliance, Mr Bolger's state of the nation address is critical in the early stages of the 1996 election campaign. It might prove significant for other reasons.

One prediction about MMP [mixed member proportional] election campaigns is that parties will be less specific about their policies. Needing a coalition partner or support from another party, they will not be in a position to guarantee the implementation of policies. They will therefore articulate their beliefs and values and hope that voters will identify with them. Mr Bolger's linking of traditional New Zealand values with the National Party mould might prove influential. Many New Zealanders think the value system of the country was overthrown by the political and economic developments of the last 12 years. Mr Bolger's speech can be seen as an attempt to put some of it back together. This year's election will show whether New Zealanders judge that he has done so.

### Papua New Guinea

**Papua New Guinea Signs MOU With ROK's Halla**  
*BK1802124096 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 30 Jan 96 p 9*

[Report by Rowan Callick]

[FBIS Transcribed Text] The Papua New Guinea Government has signed a \$600 million [Australian dollars] memorandum of understanding [MOU] with South Korean conglomerate Halla to build the first highway from Port Moresby to the second city, Lae.

The minister for works and transport, Mr Peter Yama, said that no tenders would be called. The project, apparently to be financed chiefly by tolls, would involve building 518 km of road, and also operating a fast ferry between Lae and Rabaul, with possible ferry extensions to Manus and New Ireland.

The Japanese Government has already funded a pre-feasibility study on building a trans-island highway. Japan and other countries, including Australia, which provide PNG with substantial funding support, are expected to react strongly to being locked out of such a project, as are other construction and engineering companies. AusAID was unable to comment yesterday as it was still evaluating the announcement.

The highway project fits a pattern, however, of Asian entrepreneurs and corporations capturing monopoly rents and tariff protection from PNG — a pattern already challenged by the World Bank and International Monetary Fund [IMF] in a structural adjustment program agreed with the PNG Government six months ago.

Halla itself has established a cement project, with PNG Government guarantees, that distributes Korean clinker packaged in Lae. This was protected from the outset 18 months ago by a ban on all other imports. Since then, cement prices have risen by more than 50 per cent, helping to fuel the country's record 23 per cent inflation rise in 1995.

The World Bank and IMF will visit PNG next month to negotiate the release of funds under the second tranche of the adjustment program.

The Prime Minister, Sir Julius Chan, told a National Economic Development Forum in Port Moresby that several other major infrastructure projects would be undertaken in 1996, including an international wharf at Kavieng, an airport at Tokua to replace the old Rabaul strip, a highway from Madang to the Highlands province of Simbu, and \$30 million maintenance work on the Highlands Highway.

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